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May 22, 1998

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MAY 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

RE: Written Ex Parte
Application by Ameritech Michigan Pursuant to Section 271 of the
Telecommunications Act of 1996 to Provide In-Region, interLATA Service
in Michigan. CC Docket No. 97-137

Dear Ms. Roman Salas:

AT&T provided the following documents to Jake Jennings of the Common Carrier Bureau's Policy and Program Planning Division:

- 1) Hearing Transcripts from the Massachusetts Department of Telecommunications and Energy in the matters titled Bell Atlantic Arbitrations, DPU Nos. 96-73, 96-75, 96-80/81, 96-83 & 96-94, Vol. Nos. 33 and 34 dated May 1, 1998 and May 15, 1998 respectively specifically concerning recombinations of unbundled network elements.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert W. Quinn, Jr.".

Attachments

cc: J. Jennings

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In The Matter Of:

*DPU 96-73/74, 96-75, 96-80/81, 96-83, 96-94
Bell Atlantic - Arbitrations*

*Hearing Volume Number 33
May 1, 1998*

** FRITZ & SHEEHAN ASSOCIATES, INC. **

*295 Devonshire Street
Boston, MA 02110
(617) 423-0500*

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Word Index included with this Min-U-Script®

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DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY
DPU 96-73/74
DPU 96-75
DPU 96-80/81
DPU 96-83
DPU 96-94

CONTINUED PUBLIC HEARING held at the Leverett
Saltonstall Building, 100 Cambridge Street, Boston,
Massachusetts, on May 1, 1998, commencing at 10:11
a.m., concerning:

BELL ATLANTIC - ARBITRATIONS

SITTING: Paul Levy, Arbitrator
Paul Vasington, Commissioner
Joan Foster Evans, Hearing Officer
Douglas Denny-Brown, Legal Division

APPEARANCES:

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(1) May 1, 1998 10:11 a.m.

(2) PROCEEDINGS

(3) **MR. LEVY:** Good morning. This is the
(4) consolidated arbitrations, Bell Atlantic
and (5) Sprint, MCI, AT&T, Brooks Fiber,
and Teleport. The (6) main topic for
today's hearing is the issue of (7) un-
bundled-network-element provisioning,
which comes (8) out of an order issued by
the Department on March (9) 13th, 1998,
in which the Department requested (10)
parties to resume negotiations to see
whether (11) resolution of the issue of
UNE combinations could (12) be agreed
upon and report back regarding the
status (13) of those discussions. Based on
the reports back, (14) it was determined
that it would be appropriate to (15) enter
an evidentiary phase of this proceeding.
(16) Sitting with me today are (17) Com-
missioner Paul Vasington and Joan Fos-
ter Evans, (18) from the legal division of
the Department.

(19) First on a scheduling issue regarding
(20) OSS/NRC rebuttal testimony sub-
mitted by Bell (21) Atlantic: The parties
have met informally and have (22) revised
the schedule for that testimony. (23)
Information requests will be due from
the CLECs to (24) Bell Atlantic on May
19th, responses from Bell

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(1) Atlantic by May 29th, and hearings
scheduled at (2) which the Bell Atlantic
witnesses will be examined (3) on June
9th and June 10th.

(4) Let's start with today's proceeding. (5)
We've had a number of submissions by
the parties. (6) We'll mark them as we go
along. Let's start first (7) with Bell Atlan-
tic. Mr. Beausejour?

(8) **MR. BEAUSEJOUR:** Good morning,
Mr. (9) Levy. On April 17th Bell Atlantic
filed its (10) position statement pursuant
to the Department's (11) directives in this
matter. Today we have four (12) witnesses
who are available to answer questions
(13) concerning the position statement.
They are Paula (14) Brown, Amy Stern,
Donald Albert, and Bryan (15) Kennedy.

(16) I would like to have them appear as a
(17) panel. I think that would be the most
efficient (18) way to go about that. Three
of the witnesses have (19) brief opening
statements they would like to make.

(20) So at this point I'd mark the Bell (21)
Atlantic position statement as Bell Atlan-
tic Combo (22) Exhibit No. 2. We had
previously marked an exhibit (23) at the
hearing on December 16th.

(24) **MR. LEVY:** Fine. We'll call that

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(1) Bell Atlantic Combinations 2, and this
is the April (2) 17th submission by the
company.

(3) **MR. BEAUSEJOUR:** That's correct.

(4) (Exhibit Bell Atlantic Combinations 2
(5) marked for identification.)

(6) **MR. BEAUSEJOUR:** I now ask that the
(7) witnesses go to the conference table
at the front (8) of the hearing room.

(9) **PAULA L. BROWN, AMY STERN, (10)**
BRYAN KENNEDY, and DON ALBERT,
Sworn (11) **MR. LEVY:** Could we have
everyone's (12) name in order.

(13) **WITNESS BROWN:** Paula Brown.

(14) **WITNESS STERN:** Amy Stern.

(15) **WITNESS KENNEDY:** Bryan
Kennedy.

(16) **WITNESS ALBERT:** I'm Don Albert.

(17) **MR. LEVY:** And perhaps just for the
(18) record you could each state what
your position is (19) with the company. I
know these things change over (20) time.
We want to stay up to date.

(21) **WITNESS BROWN:** My name is Paula
L. (22) Brown. I'm vice-president, re-
gulatory, for Bell (23) Atlantic.

(24) **WITNESS STERN:** My name is Amy

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(1) Stern. I'm director of product man-
agement for (2) unbundled wholesale
elements.

(3) **WITNESS KENNEDY:** Bryan Kennedy,
(4) **CON-X Corporation,** vice-president,
client (5) services.

(6) **WITNESS ALBERT:** And my name is
Don (7) Albert. I'm network services
director of cocarrier (8) impl. mentation.

(9) **MR. LEVY:** Thank you.

(10) **MR. BEAUSEJOUR:** Thank you, Mr.
(11) Levy. Ms. Brown will be the first
witness to have (12) an opening statem-
ent.

(13) **WITNESS BROWN:** Good morning.
As I (14) stated, I'm Paula L. Brown, and I'm
vice-president (15) for regulatory for Bell
Atlantic - Massachusetts. (16) I've testified
before the Department in numerous (17)
proceedings and in this arbitration. I'm
here (18) today to respond to the ques-
tions about the (19) company's position
statement regarding UNE access (20) that
was filed with the Department on April
17th.

(21) The company's position statement
(22) contains a comprehensive proposal
that has two (23) principal parts. First,
although the company is (24) not re-
quired by the Act to combine UNes for
CLECs

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[1] and cannot be compelled to do so, it has [2] voluntarily proposed to provide certain UNE [3] combinations. For instance, the company proposes a [4] switched subplatform that consists of the port and [5] access to shared and dedicated transport for [6] interoffice and interexchange access transport, [7] access to signaling, access to 911, E911 transport [8] and tandems, and access to BA-Mass. operator [9] services and direct-assistance UNEs.

[10] In addition, the company proposes to [11] combine voice-grade analog link UNEs with [12] interoffice transport UNEs. This set of combined [13] UNEs will enable a CLEC to obtain voice-grade [14] analog links without the need to collocate in each [15] Bell Atlantic central office in Massachusetts. The [16] combinations that the company is voluntarily [17] offering are substantial and promote competition.

[18] Second, the company is proposing [19] options to its existing physical collocation [20] offering to enable CLECs to combine UNEs at a lower [21] costs. These options include minicages, sharing of [22] cages, virtual collocation, and an assembly room.

[23] The company believes that these [24] offerings exceed our requirements for

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[1] interconnection under Section 251 of the [2] Telecommunications Act, which we call "the Act," [3] and exceed our 271 obligations. Ms. Stern is [4] available to answer questions concerning these [5] offerings.

[6] The company is not proposing to [7] provide the so-called UNE platform combination, [8] which consists principally of a UNE link and UNE [9] local switching. Contrary to the claims of others, [10] the UNE platform is simply a substitute for the [11] resale of BA-Mass.'s retail service. Because of [12] the different pricing standards in the Act for UNEs [13] and resale, the price for the UNE platform is lower [14] than for resale and provides a clear case of [15] uneconomic arbitrage.

[16] Indeed, the Eighth Circuit Court of [17] Appeals recognized the arbitrage inherent in UNE [18] combinations when it stated, and I quote, "To [19] permit such an acquisition of already-combined [20] elements at cost-based rates for unbundled access [21] would obliterate the careful distinctions Congress [22] has drawn in Subsections 251(c)(3) and (4) between [23] access to unbundled network elements, on the one [24] hand, and the purchase of wholesale rates of an

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[1] incumbent's telecommunications re-

tail services for [2] resale, on the other." End quote.

[3] In addition to being inconsistent [4] with the Act, the company believes that the [5] provision of UNE platform is inconsistent with the [6] policy of the Department to provide competition [7] founded upon sound economic principles. The [8] Department has taken care in numerous decisions to [9] ensure that similar services are priced in a [10] similar manner and to avoid creating artificial [11] advantages for one class of competitor.

[12] Moreover, claims that the UNE [13] platform are necessary for CLECs to distinguish [14] their offering from BA-Mass.'s offerings are [15] exaggerated. With resale, CLECs can combine or [16] repackage BA-Mass. retail offerings in numerous [17] ways — for example, vertical features could be [18] combined in various packages and usage services [19] could be recombined or repriced.

[20] CLECs have also claimed that they [21] could develop new services using UNEs that take [22] advantage of features that BA-Mass. may not provide [23] in its retail offerings. It may be possible to [24] develop other offerings by UNEs, but development of

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[1] new offerings is not contingent upon the offering [2] of UNE platform. Those offerings could be [3] developed with UNEs that are recombined by the [4] CLEC.

[5] The company's proposal permits the [6] CLECs to recombine elements in a variety of ways, [7] and contrary to the claims of others, do not [8] degrade service.

[9] Mr. Albert will respond to questions [10] regarding the quality of service using the [11] company's proposed offerings versus UNE platforms. [12] Within the company's proposals are ways for CLECs [13] to combine UNEs either remotely or with a minimal [14] effort. Equipment that will permit remote [15] connection will be explained by Mr. Kennedy.

[16] Finally, in its comments filed on [17] April 17th, AT&T attached New York Telephone's [18] prefiling statement for its 271 proceeding. The [19] company has not proposed the UNE-P arrangements with [20] glue fees that were agreed upon and described in [21] New York Telephone's prefiling statement. The [22] agreement reached in New York was a comprehensive [23] agreement resolving many issues. The company has [24] voluntarily committed to many requirements in

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[1] return for New York Commission

support of its 271 [2] filing application with the FCC.

[3] That agreement strikes a balance [4] between the interests of facility-based carriers [5] that have invested in the infrastructure in New [6] York and the interests of other CLECs that desire [7] to purchase UNEs for end-to-end service. The [8] company views the agreement as the culmination of [9] long negotiations to resolve issues surrounding the [10] 271 petition and not the resolution of any 251 [11] requirements, as in this proceeding.

[12] In summary, BA-Mass.'s proposal is [13] reasonable and should be accepted by the [14] Department. The combinations which are proposed [15] reduce the number of individual UNEs that a CLEC [16] must assemble for itself and will eliminate the [17] need for a CLEC to collocate in each BA-Mass. end [18] office to obtain certain link UNEs. In addition, [19] the company has proposed various alternatives for [20] CLECs to combine individual UNEs through reasonable [21] and cost-effective means. Thank you.

[22] MR. BEAUSEJOUR: Mr. Levy, Ms. Stern [23] is the next witness that has an opening statement.

[24] WITNESS STERN: My name is Amy

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[1] Stern. I testified in this proceeding on December [2] 16th, 1997. The purpose of my statement is to [3] comment on the testimony of Annette S. Guariglia on [4] behalf of MCI and to demonstrate that the [5] alternatives BA is offering CLECs for combining [6] elements promote competition and go beyond the [7] requirements of the Act.

[8] BA-Massachusetts's position statement [9] sets forth significant practical and specific [10] proposals for voluntary arrangements. BA's [11] extended-link proposal would permit a CLEC to gain [12] access to unbundled links to connect to the CLEC's [13] switch at its option, either without any [14] collocation or with as little as a single [15] collocation node in each LATA in which it chooses [16] to purchase unbundled links.

[17] BA's proposal goes beyond the [18] requirements of the Act because BA is voluntarily [19] combining separate loops and unbundled network [20] elements.

[21] MR. LEVY: Excuse me. Could you just [22] repeat two sentences before that, where you said [23] something about a single collocation per LATA?

[24] WITNESS STERN: Sure. The extended-

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[1] link proposal would permit a CLEC to gain access to [2] unbundled links to connect to the CLEC's switch at [3] its

option, either without any collocation or with [4] as little as a single collocation node in each LATA [5] in which it chooses to purchase unbundled links.

[6] MR. LEVY: Thank you.

[7] WITNESS STERN: BA's proposal goes [8] beyond the requirements of the Act, because BA is [9] voluntarily combining separate loops and unbundled [10] network elements. Specifically, BA has offered to [11] combine unbundled loops and unbundled interoffice [12] facilities so the CLEC can aggregate end-user [13] customers from any central office throughout the [14] LATA without collocating and bring them back to the [15] CLEC's switch. Under this offering BA will not [16] allow the CLEC to connect an extended-link service [17] to a Bell Atlantic switch. To do so would be to [18] recreate another form of the UNE platform.

[19] This offering was designed to make it [20] easier and less expensive for CLECs which own their [21] own switches to reach more customers, thereby [22] promoting facilities-based competition.

[23] BA's switching-platform offering also [24] minimizes collocation requirements for CLECs that

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[1] choose to provide service using BA's unbundled [2] network elements. The switched subplatform helps [3] CLECs that have loop facilities but choose to use [4] Bell Atlantic's switch and other network elements [5] behind the switch. For example, a cable or [6] wireless loop provider may collocate to connect its [7] loops to a Bell Atlantic switch, but the switched [8] subplatform, contrary to Ms. Guariglia's [9] allegations, is also useful to a CLEC that chooses [10] to offer service entirely by using BA's unbundled [11] network elements.

[12] Again, it is true that a CLEC would [13] need to assemble the link and the local-switching [14] network elements, but through the switch [15] subplatform, Bell Atlantic would combine the [16] additional elements that the CLEC uses behind the [17] switch, such as interoffice transport, shared or [18] dedicated, to either Bell Atlantic, to other CLECs, [19] to interexchange carriers or other carriers, [20] connections to operator services, directory [21] assistance, 911 platforms, STPs, et cetera, in the [22] network.

[23] With respect to Bell Atlantic's [24] virtual collocation proposal, contrary to MCI's

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[1] contention, there is equipment available that will [2] permit a CLEC to remotely cross-connect link and [3] port UNEs. CON-X is a vendor which has the

type of [4] equipment referred to, and Mr. Kennedy is here [5] today to answer questions concerning the [6] equipment.

[7] In addition, Lucent is actively [8] marketing a piece of equipment that performs these [9] functions as well. It is the DACS 2ISX. Lucent is [10] also working on another piece of equipment that [11] performs this function, which it is planning to [12] release in 1999.

[13] With respect to MCI's claims about [14] the superiority of UNE platform over resale, MCI is [15] simply trying to get resale services at a much less [16] expensive UNE price. MCI claims that if it is [17] limited to resale, no innovation will occur in the [18] marketplace. This is not true. MCI does not have [19] to merely mimic Bell Atlantic's services when they [20] choose resale as the means to purchase wholesale [21] services from Bell Atlantic. They are still free [22] to provide creative alternatives to the marketplace [23] by using different pricing plans as a major [24] marketing tool. For example, they could have

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[1] different term-commitment discount plans, different [2] prices when you buy additional vertical features, [3] free direct listings, et cetera.

[4] Furthermore, MCI's witness grossly [5] exaggerates the difference between UNE and resale, [6] implying that resale is more complex and [7] restrictive operationally than UNE. For example, [8] Ms. Guariglia implies at Page 25 of her direct [9] testimony that there are multiple OSS's, ordering [10] and provisioning complexities, and restrictions [11] associated with resale that are not present with [12] UNE. Either the point is unclear or it is [13] incorrect. Each service has resale, and UNE has a [14] set of ordering and provisioning guidelines and [15] systems that may vary, depending on the service [16] requested, but the resale ordering and provisioning [17] procedures are no more complex, restrictive, or [18] difficult to control than are those for the UNE [19] services.

[20] Ms. Guariglia gives other examples of [21] so-called differences between UNE platform and [22] resale, claiming that with UNE platform the CLEC [23] can pick the points of interconnection and make [24] network design and engineering decisions. This is

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[1] not true, either. Whether the CLEC buys resale or [2] UNE platform, Bell Atlantic routes the CLEC's [3] traffic in the same manner as it routes its own [4] traffic, so the CLEC has no more control and [5] network management responsibility under the UNE [6] platform than it does under resale.

[7] Finally, in the event the CLEC still [8] finds that UNE platform is the way it wants to go, [9] because of some real or perceived advantage, it is [10] free to combine the link to the switch platform and [11] transport through the Bell Atlantic assembly-room [12] proposal. This alternative will be more economical [13] than traditional collocation, because the CLEC does [14] not have to pay for room construction or cage [15] construction. It has only to pay for the [16] terminations and connections between the Bell [17] Atlantic main distributing frame and the assembly- [18] room termination bay, plus any ancillary expenses [19] such as room or frame security.

[20] Furthermore, in spite of MCI's [21] claims, they have not provided any evidence that [22] additional cross-connections will lead to inferior [23] service. In fact, within the Bell Atlantic network [24] there are many large, complex central offices where

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[1] our own customers' lines have extra cross-connects [2] just to get from one part of the central office to [3] another, and service is not degraded in any [4] respect.

[5] That concludes my statement.

[6] MR. BEAUSEJOUR: Mr. Levy, Mr. Albert [7] has an opening statement. Before he begins, I'd [8] just ask him to provide just a brief summary of his [9] work experience.

[10] WITNESS ALBERT: Good morning. My [11] name is Don Albert. The title I gave when I first [12] introduced myself, that basically means I'm the [13] engineering and operations person. And [14] occasionally they let me wipe the mud off my shoes [15] and actually appear in public.

[16] I've got 20 years' experience in the [17] telecommunications industry. I'm an engineering [18] graduate from Virginia Tech in Blacksburg, [19] Virginia. My 20 years have been with C&P Telephone [20] and with Bell Atlantic. During that time I've had [21] jobs in engineering, a number of jobs in [22] engineering, in operations, in network planning, [23] and a very brief period in sales.

[24] The current position I'm in I've been

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[1] in for two years, since just right before the [2] passage of the Telecommunications Act. For the [3] first 18 years of my career, I never testified [4] anywhere, and for the last two years, as I've [5] worked with implementing and developing unbundling, [6] collocation, and interconnection arrangements, in [7] my position the last couple of years I've testified [8] in local competition pro-

ceedings and arbitrations [9] in Virginia, West Virginia, Maryland, DC, Delaware, [10] New Jersey, and Pennsylvania. So that's briefly [11] the background.

[12] The things I'd like to address: In [13] developing our proposal that Ms. Stern talked [14] about, we did look at a number of alternatives. [15] What we considered were some of the alternatives [16] suggested by Mr. Falcone in the previous hearings, [17] as well as one that was suggested by MCI in their [18] testimony. [19] For those different alternatives, the [20] first one, which would be a completely electronic [21] main distributing frame for connecting loops and [22] ports, this arrangement would work. The CLECs [23] could place this equipment through either physical [24] or virtual collocation. However, vendors have not

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[1] yet completed development work on a completely [2] electronic main distributing frame. That's mainly [3] because there haven't been a whole lot of CLECs [4] pushing them to do that.

[5] However, there is a better, existing, [6] more cost-effective answer, and that is the [7] equipment manufactured by CON-X, that Mr. Kennedy [8] can describe. That equipment is a combination of [9] mechanical and computer-controlled equipment.

[10] The next alternative, I think AT&T [11] described it as logical unbundling. This was using [12] the recent change capabilities of the switch or [13] using the existing recent-change systems that allow [14] Centrex customers to make some limited recent [15] changes.

[16] First, I'd like to say, this really [17] is not the combining of a loop to a switch port. [18] It basically preassumes that the two are connected [19] together. What it is is a method of activating in [20] the switch, switching service.

[21] Now, I suppose it would be possible [22] to develop that type of an agreement that AT&T has [23] described. Probably given enough time and enough [24] money, you could develop a solar-powered car. But

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[1] to make these changes to the switch recent-change [2] systems for activating switching service, there [3] really are a number of technical challenges that [4] are presented. First, in Massachusetts, there are [5] two different systems that we used to do for [6] Centrex customers making limited changes to their [7] services.

[8] Those two systems talk to two [9] different types of switching machines. To do the [10] development work that would be required, the first [11] major

hurdle would be that of security and [12] partitioning, work that would enable CLECs to reach [13] and control all lines within the switch and to have [14] them be able to do that in a multicarrier [15] environment. With the recent-change Centrex [16] arrangements today, it's a very limited arrangement [17] of just Centrex lines that can be accessed.

[18] The other technical challenge would [19] be just the remote access capabilities are [20] currently limited. They would involve difficulties [21] with queuing and with contention that would have [22] to be addressed, that would exist if the two [23] systems that we use in Massachusetts — I didn't [24] mention them earlier, but it's MACSTAR and CCRS;

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[1] those are the two Centrex customer rearrangement [2] centering. The queue and the contention of those [3] would need to be developed and addressed.

[4] There's an additional longer-term [5] issue with switch memory administration that would [6] have to be dealt with. And then, in addition to [7] the development work within the switch and within [8] the MACSTAR and CCRS systems, we also have to do [9] development work in systems that they interface to [10] to take care of functions related to ordering and [11] provisioning and to billing. Now, all that work [12] would be required. Again, enough time, enough [13] money, I suppose it could be done, but it's not [14] cheap, it's not fast.

[15] The next alternative — and I guess [16] these are probably two combined together — it was [17] third-party access, developing Massachusetts main [18] distributing frames, or escorted access. There are [19] a number of problems that these would present. The [20] first is a major problem with security, and [21] security involved in a multicarrier environment.

[22] Today, in Bell Atlantic - [23] Massachusetts, only Bell Atlantic - Massachusetts [24] employees install equipment and make connections in

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[1] our central offices.

[2] **MR. LEVY:** Excuse me, Mr. Albert. [3] Could you just explain more specifically what [4] you're talking about here? You used a term at the [5] beginning of this paragraph and then started to [6] explain that there are security problems. But [7] please define a little bit better what you're [8] actually talking about.

[9] **WITNESS ALBERT:** Third-party access [10] would be if an outside company were hired to make [11] connections between Bell Atlantic's unbundled loops [12] and switch ports, to run those

connections within [13] Bell Atlantic's central office on Bell Atlantic's [14] main distributing frame. So third-party access [15] would involve employees from an outside company [16] that would come in and would make those connections [17] on behalf of all CLECs.

[18] **MR. LEVY:** So you're not talking [19] about a situation in which mounted on the Bell [20] Atlantic frame would be termination equipment owned [21] by the CLECs.

[22] **WITNESS ALBERT:** No, not yet.

[23] **MR. LEVY:** Is that next?

[24] **WITNESS ALBERT:** That's coming up.

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[1] That's part of the hit parade.

[2] **MR. LEVY:** So this is just a [3] discussion of permitting someone other than a Bell [4] Atlantic person to make the connections on the Bell [5] Atlantic frame.

[6] **WITNESS ALBERT:** That's correct.

[7] **MR. LEVY:** Thank you.

[8] **WITNESS ALBERT:** And when I said [9] third-party access or escorted access, that was [10] what I was describing. In addition, the third- [11] party access/escorted access, that would also lead [12] to the high probability for the potential for labor [13] problems.

[14] Finally, Bell Atlantic would lose [15] accountability for the service quality that we [16] provide to our own end users and to CLECs. If [17] there were other individuals making connections or [18] running jumpers on Bell Atlantic's equipment, Bell [19] Atlantic's frames, those common equipments, those [20] systems, those serve our own users, those serve [21] special services, 911's, other CLECs — it would be [22] impossible to tell if work performed by a third [23] party actually created problems in those other [24] services.

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[1] So where we are on the hook in some [2] cases financially for the grade of service, [3] problems would be inserted, and we really — we [4] lose accountability in those for Bell Atlantic- [5] caused or caused by others.

[6] Next, Mr. Falcone talked about taking [7] the blocks, the cross-connect blocks — this is [8] what you were mentioning earlier — and moving them [9] someplace that would be closer to the distributing [10] frame for the CLEC to run connections on. That [11] concept is really what began the evolution for the [12] assembly-room proposal that we have developed. The [13] aspect of having a secure, standardized arrangement [14] that all CLECs could use in a multicarrier

[15] environment that would be potentially closer to the [16] distributing frame, that is all wrapped up with the [17] assembly room. And all could be done without CLECs [18] having to have individual physical collocation [19] cages.

[20] The next option, MCI, in their [21] testimony, they described an arrangement that was [22] kind of like an alternative to extended link. This [23] was an arrangement that used GR-303 equipment. I'd [24] like to say first, this is not a combination of

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[1] existing network elements, this GR-303 [2] alternative. Extended link, as proposed by Bell [3] Atlantic, combines the unbundled loop and unbundled [4] transport. Now, GR-303 would combine loop, it [5] would combine transport, and it would combine a [6] hunk of GR-303 equipment that is not a network [7] element.

[8] The next thing I'd like to say is, we [9] do not use in Bell Atlantic - Massachusetts's [10] network GR-303 equipment. We do not have current [11] plans to use that. GR-303 equipment does both [12] transport and switching functions.

[13] Now, this arrangement that MCI is [14] proposing, it would also be defining a new [15] structure for network elements, a structure that [16] would be inconsistent with the approach that the [17] FCC has taken for defining network elements in [18] their 96-98 rules. Now, if MCI wants to do this [19] arrangement that they've proposed, that we don't do [20] in our network today, they could do it, and they [21] could do it through physical or through virtual [22] collocation, if they desired.

[23] Our proposal with extended link [24] provides service exactly as we do today for our own

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[1] end users. The extended-link service for CLECs [2] would take loop and transport and combine them [3] together exactly as Bell Atlantic does today for [4] services that we provide to our own retail users.

[5] Our proposal for extended link is [6] reasonable, it's consistent with the structure of [7] the existing network elements, and the offering is [8] not a limiting offering in any effect that MCI has [9] portrayed it to be. It is in fact how we combine [10] those elements today for our own end users.

[11] Finally, I'd like to address a couple [12] of items on the aspect of service-quality issues. [13] The first was just this whole topic about [14] additional connections and the effect that [15] additional connections may or may not have. The [16]

telephone network today is basically a series of [17] all types of connections, a 'large number of [18] connections. There's a great variability that [19] exists from one circuit to the next circuit in [20] terms of the number of connections that that [21] circuit has. This number of connections, this [22] variable that exists in our network today, does not [23] have an effect on service quality. You could have [24] a loop in an apartment building that had many, many

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[1] more connections than a loop that was in a [2] high-rise office building right next door to it. [3] In one case versus the other, there are not more or [4] less problems, there are not differences with [5] transmission quality.

[6] Another example is, take the example [7] of making a local call. If you're going to make a [8] local call across town, you could easily go through [9] 30 different connections to complete that call. [10] Whereas if you were to make a call from your office [11] to San Francisco, a long-distance call, you might [12] go through 70 or 100 connections that the network [13] is made up of. Those two different calls, there is [14] no difference in quality, no difference in the [15] service that's provided.

[16] Now, Mr. Falcone, he and I have [17] followed each other around from Maryland to New [18] Jersey to here on this topic, and I know that he [19] has said that he's worked on a frame running [20] jumpers, and I have also worked on a frame doing [21] that myself. He mentioned at one point about [22] solder connections. Those were used a long time [23] ago, and we don't use those any more. What we do [24] use today on our frame to make connections —

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[1] actually, it's kind of neat. There's a little gun, [2] and inside this gun we put the cross-connect wire, [3] and then there's a steel pin on the frame that the [4] gun shoots down onto, and it wraps the wire around [5] that pin seven times.

[6] Now, when you've done that, those [7] don't pull off, and those don't come off. If you [8] listen to AT&T and MCI, they've tried to create [9] this great mystery surrounding our cross-connects; [10] but in reality, if you look at modern central-[11] office cross-connects, they don't pull off, they're [12] very reliable, and they're not prone to failure.

[13] Now, to address the topic of the [14] number of connections and the quality and does it [15] cause more troubles — rather than talking about a [16] lot of theory, I think the best fact that I can [17] provide that those — that the number of [18] connections don't cause more troubles

is the actual [19] experience that we've had in Massachusetts with [20] unbundled loops. All other things being equal, if [21] you look at the connections that are required to [22] hook up an unbundled loop to a CLEC, and if you [23] contrast that to the connections that are required [24] to provide other services to our own users, the

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[1] trouble-report rate for the loop and its [2] connections for unbundled loops compared to the [3] trouble-report rate we're actually experiencing for [4] the loop and its connections for our own retail [5] services — the unbundled loop has more [6] connections; however, the actual trouble-report [7] rate that we're experiencing for the — it's a base [8] of about 2,500 unbundled loops in Massachusetts, [9] that's running roughly half of what the [10] trouble-report rate is running for the retail [11] services. And in this case, the arrangements and [12] the methods and the cross-connects for the [13] unbundled loops, generally, all other things being [14] equal, have had more connections.

[15] The next service-quality issue was [16] one relating to testing. AT&T and MCI were saying [17] testing is more complicated, it's more difficult [18] with the arrangements that we've proposed. This is [19] not true. Testing is pretty straightforward under [20] any of these alternatives. Basically, for testing [21] for combinations, the CLEC has access to the test [22] system MLT, mechanized loop testing. It's up to [23] the CLEC then to basically say the trouble is in [24] the switch, the trouble is inside in the central

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[1] office, or the trouble is outside in the loop.

[2] Now, to make that identification, to [3] do testing down to that degree, it doesn't make any [4] difference if you're talking about an assembly room [5] or if you're talking about combination through [6] collocation or if you're talking about our regular [7] retail services. The testing identification works [8] equally the same, same and as well, in all those [9] conditions.

[10] The third item under service quality [11] talked about was the effect on loop length; or, I [12] think more specifically, the aspect of, for doing [13] combinations, if we put in tie cables to connect [14] collocation, the fact that that will actually make [15] the loop somewhat longer, because of the added [16] links within the central office.

[17] There I'd like to say, the length of [18] the tie cables does not and has not affected [19] performance. The loop designs that we employ in [20] our

network were developed to accommodate [21] variations in length. If you have a high-rise [22] office building, the loop that is on the first [23] floor compared to the loop that may be on the 20th [24] floor, there is a greater distance and variation

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[1] there in length than what we run into with the tie [2] cables in our central offices.

[3] So the design for the loops is geared [4] and set up to accommodate variation in length. The [5] slightly additional lengths from the tie cables to [6] collocation basically have no effect on design or [7] performance.

[8] I guess the bottom line, however, is [9] that Bell Atlantic guarantees or has specifications [10] for what our unbundled loops will perform to [11] technically, and we're on the hook to make sure [12] that every unbundled loop we deliver meets those [13] technical specifications.

[14] The final item under service quality [15] is the aspect of service disruptions. There, it is [16] true, to cut over an existing customer to an [17] unbundled loop or to cut over an existing customer [18] to a combination through collocation of a loop and [19] a switch port that the CLEC would combine, there is [20] a period where briefly you actually have to pick up [21] the wires and move them from Bell Atlantic dial [22] tone over to CLEC dial tone. Now, while that [23] occurs, while those wires are being picked up, [24] during that period the customer has no dial tone.

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[1] However, we have developed the [2] methods and procedures for doing coordinated [3] cutovers for unbundled loops through collocation. [4] The procedures that we have developed and used to [5] actually cut over more than 40,000 unbundled loops [6] in the Bell Atlantic region, those procedures for [7] doing unbundled loops basically are the same [8] procedures and arrangements for doing coordinated [9] cutovers that we would use for combinations that [10] the CLEC would do through collocation.

[11] Now, these methods and procedures [12] that we have developed and that we have proven with [13] the cutovers that we have done, basically they're [14] designed to minimize what that disruption is. [15] They're designed to have a majority of all of the [16] work done in advance, and only that final step of [17] picking up the wires and moving them over is when [18] the disruption occurs. On average, for the [19] cutovers that we are doing, that's been running [20] under 10 minutes.

[21] Now, we do cutovers throughout our [22] network. It's part of the daily business. We do [23] cutovers from Centrex to PBX. We do cutovers from [24] PBX's to Centrexes. We do cutovers for special

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[1] circuits. We do cutovers for special switches. We [2] do cutovers for other customers. All of the [3] comments from the CLECs about we've got these [4] cutovers and we've got lots of connections and it's [5] all — you know, this and that, that's part of the [6] job. There's nothing high-tech about connecting to [7] the wires. We make lots of connections. We [8] connect lots of wires. We do it every day, and [9] we're real good at it. It's as basic and as simple [10] as brushing your teeth. The cutovers that we do [11] for unbundled loops, the cutovers that we would do [12] for combinations, that's part of the job.

[13] However, with the cutovers that we [14] have done, we have found that for most customers [15] this ten-minute disruption is no problem. However, [16] what we do do is, if there are some customers that [17] that would make a difference to, if there are some [18] customers, say, business customers, that are [19] sensitive to that length of time, we do allow the [20] CLEC to say schedule the cutovers out of hours. So [21] we could do it in the early morning; we could do it [22] late in the afternoon. But for those customers [23] that would be sensitive to that, we do schedule and [24] arrange so that it will not be a problem.

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[1] So basically the running of [2] connections, the making of the wires, the doing of [3] cutovers, that's maybe not high-tech and grand, but [4] it's business that we do every day, and we do it [5] very well.

[6] That's the end.

[7] MR. LEVY: Thank you.

[8] MR. BEAUSEJOUR: Mr. Levy, the final [9] witness that Bell Atlantic is presenting today is [10] Mr. Kennedy. Mr. Kennedy does not have an opening [11] statement. He will be available to answer [12] questions about the equipment that his company [13] manufactures that permits CLECs to remotely cross- [14] connect UNE-link and UNE-port elements.

[15] He has brought with him a [16] demonstration device of that technology, and I [17] thought that after the questioning, he could [18] perhaps demonstrate the equipment that will permit [19] the remote cross-connects.

[20] MR. LEVY: Good.

[21] MR. BEAUSEJOUR: With that, we have [22] no further preliminary matters, opening matters, [23] and the witnesses

are available to answer questions [24] from the Bench and from the parties.

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[1] MR. LEVY: Thank you, Mr. Beausejour, [2] and thanks to the witnesses for their opening [3] statements.

[4] I have a few questions in the usual [5] rambling nature that will serve once again to [6] demonstrate the relative efficiency of Mr. Jones's [7] questions when he starts. If you'll give me a [8] couple of minutes, Mr. Jones, I have a few.

[9] EXAMINATION

[10] BY MR. LEVY:

[11] Q: Ms. Brown, I read through the company's [12] filing and listened to your statement. I'm still [13] left unclear as to how and why the company has [14] chosen to propose the particular UNE-combinations [15] proposals it has made here and why it has not [16] chosen to propose some of the others that have been [17] requested by the CLECs. In particular, I'm [18] wondering what principles guided the company's [19] decisions in making these choices.

[20] A: [BROWN] I guess the simplest way to [21] explain this, I think Mr. Albert explained how we [22] looked at the offerings or the suggestions that [23] other CLECs have made in this proceeding. I don't [24] believe that any CLEC has proposed that we offer

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[1] UNE-Ps with a glue fee, and I think the company [2] noted — and I think that's the only offering that [3] we have not made in this proceeding, and I think we [4] have not made it for the reasons that we have [5] stated on Page 4 of our submission in the [6] footnote.

[7] We have made, we think, some [8] additional and some different offerings than what [9] has perhaps been done in other jurisdictions. [10] Those offerings were made in a way that we think is [11] comprehensive and in ways that will permit and [12] address some of the concerns that have been raised [13] by the CLECs.

[14] Q: I'm sorry, but that's really not [15] responsive to my question.

[16] A: [BROWN] I'm sorry.

[17] Q: My question is, what principles could you [18] give us that guided the company's decision to offer [19] certain combinations of UNEs and not other [20] combinations of UNEs.

[21] A: [BROWN] I think the guiding principle, [22] if I had to pick one, would be, we have — I'll [23] have to pick two. The first one is that we have [24] certain legal rights, and we have chosen to take

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[1] that into consideration. We recognize what we must [2] do to comply with the Act. We also recognize that [3] other things that we've offered here today are [4] offered on a voluntary basis. So that was a first [5] consideration to us: what was required, and what [6] we would be offering, and it would be voluntary on [7] our part.

[8] The next consideration I think that [9] comes to mind is the issue of pricing differences [10] that we see between UNE platform and resale. In [11] our view, this is really price arbitrage that we're [12] talking about. There have been lots of discussions [13] about service quality. There have been comments [14] about somehow somebody could do something different [15] with UNE-Ps. But when you cut through it all at [16] the end of the day, from my perspective, we're [17] talking about a difference in discount. And yes, [18] UNE-Ps combined are, quote, less expensive for [19] CLECs; and that's a function of the Act and how the [20] Act has chosen to price two different forms of [21] entry.

[22] It also creates an opportunity for [23] what we believe is uneconomic arbitrage. The [24] difference in price between UNE-Ps and resale is

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[1] significant enough that carriers are saying, "It's [2] less costly and we want it," simply because it's [3] less costly.

[4] Q: Can I stop you there? When you say that [5] there's that arbitrage opportunity, would you be [6] more specific and explain which two things you're [7] comparing that create the arbitrage?

[8] A: [BROWN] There are two — it seems to me [9] there are two ways for CLECs or two principal ways [10] that they're looking at providing service if [11] they're not going to use their own facilities, if [12] they choose to use either all unbundled elements or [13] resale. Under resale the provision of service [14] would be through our retail offerings provided at [15] an avoided-cost discount. Under the UNE-platform [16] proposal — and we've heard lots of variations on [17] it — but it basically says, "Instead of giving me [18] those services at the retail discount, give me [19] those same services, but price them as if they were [20] UNEs, so that I can take advantage of the greater [21] discount, greater effective discount, under UNE [22] pricing."

[23] Q: And that UNE platform as you're [24] describing it here would be NID, loop, switching,

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[1] transport, tandem switching, all of the above?

[2] A: [BROWN] Sure.

[3] Q: Whatever it would take to combine —

[4] A: [BROWN] What we're really talking about [5] is connecting the link and the port. If you think [6] of switching as being —

[7] We've offered switching here. We've [8] offered switch subplatform, and on the other side [9] you have the link.

[10] What we are not willing to do is [11] connect the link and the port; in other words, [12] effectively replicate our retail service. What we [13] are saying is that in some way, if the CLEC wants [14] to use UNEs — and they can use all UNEs to provide [15] service — that they've got to at least participate [16] in that and put the link and port together.

[17] Q: But I'm trying to understand the [18] arbitrage opportunity here. Given that we have a [19] pricing scheme for UNEs in Massachusetts that has [20] four different density zones —

[21] A: [BROWN] Right.

[22] Q: — and given that we have a resale [23] pricing scheme that is a 20-something percent [24] discount off of Bell Atlantic retail's rates, under

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[1] which circumstances are you suggesting there's [2] arbitrage? Is it in all of the density zones for [3] all of the service offerings?

[4] A: [BROWN] It's customer by customer. Let [5] me give you an example. Let's just walk through a [6] customer. Let's say I have a customer that has — [7] let's take a residential customer, and on average a [8] residential customer in Massachusetts pays about [9] \$35, on average. That isn't all customers; that's [10] just your basic average. We have customers that [11] pay \$80.

[12] What happens on a UNE basis? You've [13] got to get a link, which on average is \$15, and a [14] port, and let's call that \$5.

[15] Q: You say on average, but it's not on [16] average, because there are four density zones.

[17] A: [BROWN] Let's take the cheapest one.

[18] Q: Or let's take the suburban one.

[19] A: [BROWN] Now you're going to make it hard [20] for me, because I can't remember —

[21] Q: Okay, you start with the cheapest one. [22] Go ahead.

[23] A: [BROWN] I think you may come to the same [24] place either way.

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[1] Q: I'm wondering if you do. That's the

[2] question I'm asking.

[3] A: [BROWN] I think you do on a customer- [4] by-customer. But what's our range? Give me a [5] little slack. It's between, let's say, \$9 and [6] \$19. Am I ballparking? I don't have my UNE link [7] rates in front of me. But could we use that for [8] our example?

[9] At the \$9 rate, downtown Boston, [10] you're paying \$9 for the link, \$5 for your port. [11] Now you're at \$14. And you're going to pay for [12] calls in and out of that service. Are we [13] together?

[14] Q: Yes.

[15] A: [BROWN] Depending upon the volume of [16] traffic that the customer has — you know, that [17] price is going to go up or down — but on average [18] you're going to be paying about a penny, a penny [19] and a half a minute. That customer will have a mix [20] of tandem and direct usage. That average doesn't [21] vary that much by zone. It varies by a little, but [22] not a lot. So in downtown Boston for a customer, [23] you're starting with a baseline of \$20. That [24] includes vertical features for that customer and

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[1] usage at roughly a penny and a half a minute. It [2] doesn't take all that long for customers who are [3] only paying — you're paying a penny and a half a [4] minute for the usage versus a customer under the [5] retail tariff with a discount that you'd be paying [6] significantly more.

[7] Q: But under the resale tariff there would [8] not be a usage charge.

[9] A: Under the retail tariff there certainly [10] would be a usage charge.

[11] Q: How?

[12] A: [BROWN] Because under the retail tariff, [13] let's talk about the customers paying. The [14] customer has FR service, downtown Boston. You're [15] going to be paying, what is it, almost — not quite [16] \$10 a line, for the line. You're paying \$7 for the [17] FR usage. You're going to be paying for any usage [18] beyond the local calling area for that customer. [19] You're going to be paying for all the vertical [20] services, call-waiting, call-forwarding. You're [21] simply going to have all those services [22] discounted.

[23] So depending upon the makeup of the [24] customer's service, and depending on the amount of

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[1] usage I have, if my average usage on a retail [2] basis, even discounted, runs at somewhere around 7 [3] cents a minute, I'm going to be paying more on a [4] discounted basis for that usage. If I can do my [5] math quickly, we'll be all set

here. (Pause.)

[6] I'm going to pay about 5 cents a [7] minute for usage. If my retail rate runs at 7 [8] cents a minute on average, at a 25 percent [9] discount, I pay 5 cents a minute on retail usage. [10] On a UNE basis —

[11] Q: I'm sorry, I'm having trouble [12] understanding why you're applying a usage rate to a [13] flat-rate calling scheme?

[14] A: [BROWN] Any usage beyond the FR area is [15] going to be priced at the retail rates minus the [16] discount.

[17] Q: But how would a CLEC know for any given [18] customer what percentage of their usage is likely [19] to be within the calling area versus outside the [20] calling area?

[21] A: [BROWN] We picked an FR customer. Are [22] we talking average characteristics? Maybe on day [23] one you wouldn't know, but I'll tell you what I [24] would do if I were a CLEC: I'd have a nifty little

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[1] program, and I'd look at my customer on a resale [2] basis, and I'd calculate my crossover point, and as [3] soon as I knew that customer on average was [4] starting to be a high-volume customer, which is the [5] kind of customer I want to go for, and if I know [6] that customer has a lot of vertical features, I'll [7] ask Bell Atlantic to put him over onto a UNE [8] platform, just convert them out for me, because [9] I'll be able to look at my billing and pretty [10] quickly sort out which customers I want to take via [11] UNE and which customers I want to take via resale.

[12] Q: So you're suggesting that a strategy for [13] the CLECs might be to sign up a customer on resale, [14] study the usage pattern of that customer, and if [15] the CLEC determines that it would be less expensive [16] for that customer to be served on a UNE-platform [17] basis, notwithstanding whatever non-recurring [18] charges or OSS charges or whatever other charges [19] the company has proposed to impose in this [20] proceeding, they would request that they be [21] switched over.

[22] A: [BROWN] Yes. And I might do it [23] initially if I didn't know usage and I had a lot of [24] vertical services, at some point that might be

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[1] worth my while. It's not rocket science to figure [2] this out.

[3] Let me put it this way: Carriers do [4] it today in the toll market. You convert a [5] customer over to a high-cap facility or voice-grade [6] when it becomes economic based on that customer's [7] usage

pattern to do that.

[8] Q: You're suggesting that a principle behind [9] your decisions as to which UNE combinations to [10] offer, if I'm hearing you right, is basically to [11] preclude the possibility of a loop/switch [12] combination for that reason.

[13] A: [BROWN] We believe that — I wouldn't [14] say it as harshly as you do, but it clearly comes [15] into our decisionmaking process that we believe [16] that this is an arbitrage opportunity, yes. We do [17] not believe we're being unreasonable in asking [18] carriers to participate in the provision of UNES by [19] making that connection.

[20] Q: I'm not trying in any way to imply [21] anything different from what you're saying. So if [22] the criteria that I've stated — that is, a desire [23] not to permit the possibility for that type of [24] arbitrage — is not the only thing guiding the

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[1] company in its decision not to allow a loop/switch [2] combination, are there other things that are [3] guiding the company to that conclusion?

[4] A: [BROWN] That's probably the principle [5] behind it. But I would take issue with the word [6] "permit." You can never stop this, but you can [7] encourage it by setting yourself up into this kind [8] of situation. In other words, arbitrage is going [9] to happen to some degree because we have two [10] different price structures. The issue is, are we [11] facilitating that arbitrage? We think we are.

[12] Q: And your decision to permit other types [13] of UNE combinations is being made why?

[14] A: [BROWN] We're trying to be responsive [15] and to help overcome what others have objected [16] to — that objection being principally collocation [17] in all offices. We're trying to compromise. To be [18] perfectly blunt about it, if you had to collocate [19] in every office in Massachusetts and you only [20] thought you were going to keep your customer for [21] three years and you allocated that cost and you [22] thought you were going to get 5 percent market [23] share, the whole cost per customer for collocation [24] would be about \$1.60 a month. We don't see that as

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[1] exorbitant. If you think you're going to get the [2] higher the market share, the lower that goes down.

[3] Q: Would you just explain the inputs to that [4] number?

[5] A: [BROWN] Sure. 270 end offices in the [6] state. If you took — and we just did a what-if [7] kind of calculation. What if

you had to collocate [8] in every single end office and what if you took 100 [9] square feet of space, and you were trying to get a [10] 5 percent market share? What would it cost you on [11] both a non-recurring and on a recurring basis to do [12] that? That's the most expensive way to go, but [13] let's say you chose that. Worst-case scenario. A [14] 5 percent market share comes out to \$1.60 per [15] line.

[16] Q: For what time period?

[17] A: [BROWN] Per month. If you got a 15 [18] percent market share, it comes to, I think it's [19] about 70 cents a line. But in my mind's eye, it's [20] not as exorbitant as it has been described.

[21] However, we're trying to be [22] responsive and move towards compromise here — I [23] take that back, 89 cents if you had 15 percent [24] market share.

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[1] We think we've offered some things [2] here that significantly reduce that cost, because, [3] one, we're offering things that do not require [4] physical collocation in a cage, and we're offering [5] an assembly room that's not conditioned space. [6] That's a big cost in the collocation-cage areas. [7] It doesn't require a cage. We've offered virtual [8] collocation. It's a different alternative, [9] different way to go. We've offered minicages and [10] sharing of cages — a variety of things plus the [11] combining of elements that we've put forward, all [12] can come up in different ways, depending on the [13] strategy of the CLEC, to reduce those costs.

[14] Q: If you wouldn't mind as a record request [15] to provide the calculation that is behind the [16] numbers you've just presented.

[17] MR. LEVY: That will be Record [18] Request Combinations 1.

[19] (RECORD REQUEST.)

[20] Q: In New York you proposed something [21] different; correct?

[22] A: [BROWN] We didn't propose it. But we [23] negotiated to that. There's a very comprehensive [24] prefiling statement, and my recollection is AT&T

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[1] attached it to their position paper.

[2] Q: I'd like to understand a little bit more [3] about the process you used to reach that agreement [4] in New York and how it differs from the process [5] we're going through.

[6] A: [BROWN] I'll give you the best version I [7] can. The entire process in New York is very, very [8] different than in Massachusetts. It's my [9] understanding that they have collaborative [10]

sessions, they have a negotiation process. The [11] company entered into negotiations with the staff, [12] the Department of Justice, and the other parties in [13] the case.

[14] There were numerous agreements [15] outstanding. There are a series of cases in New [16] York that don't exactly replicate the consolidated [17] arbitration that we're going through in [18] Massachusetts. They deal with many of the same [19] issues, but New York had a series of cases they [20] called Lindsider 1, Lindsider 2, and they now have [21] a Lindsider 3 case.

[22] So there are several different [23] avenues going on. There are arbitrations, the [24] commission's own investigation, and we submitted a

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[1] 271 application in New York. As part of that [2] application process these negotiations occurred.

[3] I did not participate in those [4] negotiations, so I can't be very explicit about [5] what happened. I know they were extensive. It [6] happened over a number of months, and there were [7] many, many issues.

[8] That resulted in the prefiling [9] statement that's really the culmination of that, in [10] which the company agreed to do certain things. [11] Upon doing those things, the New York commission [12] has agreed to support the company's 271 [13] application. That's my reading of it, not a [14] lawyer's reading of this, but if you'll take it as [15] a layman reading that statement.

[16] Q: Is it your understanding that the [17] commission as a whole has agreed to that or the [18] chairman of the commission?

[19] A: [BROWN] I know the chairman agreed to [20] that. I really don't know. I can't say.

[21] Q: And are the CLECs which are parties in [22] this case parties to that agreement, also?

[23] A: [BROWN] They have not agreed — to the [24] best of my knowledge, they certainly have not

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[1] supported that agreement.

[2] MR. LEVY: I have just a few more, [3] Mr. Jones, before turning it over to you.

[4] Q: Ms. Stern, feel free to jump in here, if [5] you can provide the answer, also. How is the [6] decision made that your proposal should have a [7] three-year time horizon?

[8] A: [BROWN] I'll start, and Amy, you chip [9] in, please. These proposals — and this probably [10] is also like unto what was proposed in New York. [11] There

were time limitations on what we proposed in [12] New York. There are hard stops to it. We consider [13] what we're proposing here as jump-starting [14] competition. Because they are not required — [15] because we are voluntarily offering to do some [16] things that we think will enhance or assist CLECs [17] in doing certain things — but we don't think that [18] these provisions should be provided forever.

[19] Q: How would the three years work? Is it [20] that the combinations you're offering would be [21] available for new installations during that three- [22] year period? Is that basically the way we should [23] read it?

[24] A: [STERN] Yes, new services could be

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[1] ordered that way. Existing, if the CLEC had some [2] other configuration for providing local-exchange [3] service and wanted to convert to something like an [4] extended link, they would also be able to do that.

[5] Q: What if there's an existing customer of a [6] CLEC who has begun service with that CLEC during [7] the three-year period and is receiving service [8] through some of the UNE combinations you've allowed [9] during the three-year period and then on the first [10] day of the period following wants to expand its [11] service? Is the customer then permitted to get [12] service under the previous combined UNE [13] arrangement, or at that point must the customer be [14] served under an uncombined arrangement?

[15] A: [STERN] At the end of the duration [16] period they'd have to provide additional services [17] under an uncombined arrangement.

[18] Q: Even if it's the same customer.

[19] A: [STERN] Yes.

[20] Q: You also state that, for example, on Page [21] 10 of Exhibit BA Combinations 2 that Bell Atlantic [22] will provide those services at the relevant UNE [23] prices plus a combination charge. What's the basis [24] for the combination charge?

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[1] A: [STERN] The combination charge would [2] have two bases. No. 1, to the extent we incurred [3] any additional costs for providing that — for [4] doing that additional connection or combination [5] function or in any way had to modify the service in [6] order to make the service work to provide that [7] function, we would pick up those additional costs, [8] both recurring and nonrecurring, in a combination [9] fee.

[10] In addition, there would be kind of [11]

what we call a glue fee, which is a modest, non- [12] cost-based fee we would charge that sort of closes [13] some of the gap between the UNE and the resale-type [14] rates.

[15] Q: How would you calculate that?

[16] A: [STERN] We haven't designed that rate [17] yet.

[18] Q: Theoretically do you see a different glue [19] charge in the different density zones?

[20] A: [STERN] It's possible. I haven't looked [21] at that yet.

[22] Q: Mr. Albert made the point that the [23] enhanced extended-loop service is the same service [24] that Bell Atlantic provides for its own customers.

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[1] A: [ALBERT] When we combine loop and [2] transport for our own customers — for example, if [3] we were going to provide foreign-exchange service, [4] where a customer would be getting a telephone [5] number, we would do that by using the same serving [6] arrangement that we've proposed for the extended- [7] link service.

[8] Q: You're not suggesting that someone who [9] does not have foreign-exchange service, that [10] customer's link would be connected by transport to [11] another central office to be switched at the other [12] central office, are you?

[13] A: [ALBERT] You guys can help me out if I'm [14] wrong here. I think this is for the CLEC to [15] collect together end users from a number of COs [16] that they're not collocating in, to take their [17] circuits back to a single collocation point, which [18] would then go from there off to their switch, to [19] provide dial tone to all of those customers they've [20] collected.

[21] Q: I understand the purpose of what it is [22] you're proposing. I'm merely just picking up on [23] your statement earlier that it's the same service [24] that you provide to your own customers.

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[1] A: [ALBERT] The same technical serving [2] arrangement that we use.

[3] Q: But is it only in the case of foreign- [4] exchange service?

[5] A: [ALBERT] No. For any other services [6] where we're providing inter-office transport in [7] connection with a loop, it's the same technical [8] arrangement, same equipment, that we use to [9] transport that. If you were going to buy a private [10] line, voice-grade private line, that also went from [11] loop to interoffice, if one of our own end users [12] was buying that, what we're proposing here [13] technically is the same

serving arrangement that we [14] also would use to provide that.

[15] Q: This is not a trick question. I'm really [16] just trying to understand. In the case of normal [17] exchange service, the loop would be switched at the [18] local central office; correct?

[19] A: [ALBERT] That's right.

[20] Q: It would not be transported to another [21] central office to be switched there.

[22] A: [ALBERT] That's correct. This is for [23] services where we are configuring them by putting [24] together the combination loop and transport, as

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[1] opposed to loop and local serving switch that you [2] mentioned.

[3] Q: Also earlier, Mr. Albert, we were talking [4] about the third-party access concept that you [5] suggested has security problems, labor problems, [6] and accountability problems, and I understand your [7] point on that. I also understand what you're [8] proposing as an assembly type of collocation [9] arrangement. Have you considered a cageless [10] collocation arrangement in which the CLEC's [11] terminating equipment is on the same rack as Bell [12] Atlantic's terminating equipment?

[13] A: [ALBERT] Like on Bell Atlantic's main [14] distributing frame?

[15] Q: Yes.

[16] A: [ALBERT] Yes, that was one that we [17] looked at. You're still going to have some of the [18] security problems that you'd have for the third- [19] party access. You're also going to have a greater [20] number of blocks on Bell Atlantic's frame, which is [21] going to clog up, potentially, a number of our [22] frames and use those up faster.

[23] The assembly room I think provides a [24] better arrangement, in that it's a standardized

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[1] setup that we would use for all CLECs, and it would [2] accommodate additional CLECs over time wanting to [3] combine in that fashion. One of the fears I have [4] with the put-it-right-on-our-frame, besides the [5] fact that it will crap out our frames, is the fact [6] that not every CLEC is going to be there at day [7] one, and as you have them coming in over an amount [8] of time, the places throughout the frame that you [9] locate the blocks are going to get things, you [10] know, more messed up.

[11] Q: Can I understand a little bit what you [12] mean by the vernacular "crap out our frames"?

[13] A: [ALBERT] Exhaust, run out of

capacity, [14] run out of space.

[15] Q: That was not a security issue.

[16] A: [ALBERT] Not that piece. In that case [17] "crap out" was the technical term. But it's we [18] run out.

[19] Q: I just wanted to be clear on that.

[20] (Laughter.)

[21] MR. LEVY: Let's take a ten-minute [22] break.

[23] (Recess taken.)

[24] MR. LEVY: Let's go back on the

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[1] record.

[2] Q: I have a few more questions, Ms. Brown. [3] In the New York agreement, I believe there were [4] some glue charges as part of that agreement. Am I [5] correct?

[6] A: [BROWN] Yes, there are.

[7] Q: Would you be able to tell us how those [8] were derived?

[9] A: [BROWN] I honestly don't know exactly [10] what the calculations were behind those.

[11] Q: I guess I'm asking: Was there a [12] calculation, or was this basically a negotiated [13] number, or don't you know?

[14] A: [BROWN] I don't know.

[15] Q: Could we have that as Record Request [16] Combinations 2, please, the derivation of those [17] glue charges.

[18] (RECORD REQUEST.)

[19] Q: Just so I understand the company's [20] position in Massachusetts more clearly: If there [21] could be glue charges for UNE combinations in [22] Massachusetts that would eliminate the arbitrage [23] possibility BA - Massachusetts, would that change [24] your position on providing such combinations?

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[1] A: [BROWN] It probably would change our [2] position. It would depend obviously on the glue [3] charge and the length and the time period involved.

[4] Q: In your judgment, how would we go about [5] calculating the relevant glue charge in [6] Massachusetts?

[7] A: [BROWN] I think there are a number of [8] different factors you'd need to look at. You'd [9] need to look at time periods. You'd need to look [10] at exclusions. The combinations in New York, the [11] UNE platforms — we shouldn't call them [12] combinations, because there are lots of [13] combinations. The UNE platforms are limited to [14] specific classes of service and customers and [15] locations. So there are time limitations, [16] geographic limitations, and zone differences, as I [17]

understand it.

[18] Q: Would it be possible for you to provide [19] us, say, three or four or five examples of Bell [20] Atlantic's view of the arbitrage potential for [21] services in Massachusetts?

[22] A: [BROWN] Sure. I'd be glad to do that.

[23] Q: Let's make that Record Request 3. I [24] guess what I'd look for there, and really rely on

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[1] your judgment to provide us, not necessarily a [2] representative sample, but, let's put it this way, [3] an interesting sample.

[4] A: [BROWN] How about a range, cases where [5] one might be encouraged to use UNE platforms and [6] cases where one might not, give you a full range, [7] with different classes of customers in it.

[8] Q: That would be good. And I think mainly [9] we'd be interested in the urban and metro zones in [10] particular. I think for purposes of today's [11] hearing, we can put aside rural. But if you want [12] to do a suburban one or two, that would be fine, [13] also.

[14] A: [BROWN] Okay.

[15] (RECORD REQUEST.)

[16] Q: Mr. Kennedy, you've been patiently [17] sitting there. I have a couple of questions for [18] you, which are as follows.

[19] Tell us a little bit more about your [20] equipment. Is this equipment currently [21] commercially available?

[22] A: [KENNEDY] Yes, sir, it is. It's a [23] metallic automated cross-connect system that places [24] a physical metallic connection between two pairs

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[1] coming into the device. It is available on the [2] market. It is in service currently, with two [3] independent telephone companies, a site in each [4] one, and an outside cross-box application within a [5] regional Bell operating company.

[6] Q: So are you suggesting there are three of [7] them installed right now?

[8] A: [KENNEDY] No, there's actually a total [9] of 11 robots currently installed. It is a new [10] technology. The reason there's technically not [11] more deployed is that we've been going through a [12] lengthy process of Bellcore compliance testing with [13] the product, as well as all of our patent [14] protection and so forth. So it is now at the point [15] where it has completed the Bellcore testing, it's [16] completed field trials with these various [17] customers, and it is ready for deployment.

[18] Q: If I understand the machinery

correctly, [19] would you need to have one of these at each virtual [20] collocation place?

[21] A: [KENNEDY] The design of the product is [22] the same robotic mechanism, but changes [23] applications depending on the type of matrix panel, [24] the large green area. It can be used in various

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[1] places in the network. The particular application [2] that we're talking about would utilize a 1050 [3] panel, 1050 circuits in one robotic frame.

[4] Q: I'm asking a slightly different question, [5] which is: Do you need one of these robots at each [6] virtual-collocation spot?

[7] A: [KENNEDY] Yes, you would.

[8] Q: Without giving away any trade secrets [9] here, can you give us a range of what these things [10] cost?

[11] A: [KENNEDY] You want total cost of the [12] robot or price per pair? Which way would you [13] prefer?

[14] Q: Whatever way you think would be [15] interesting?

[16] A: [KENNEDY] For 1050 circuits, a single [17] robot, would be 20 K, equipment costs.

[18] A: [ALBERT] It's cheap.

[19] MR. LEVY: He's selling, you're [20] buying.

[21] MR. JONES: No, he's selling, we're [22] buying. And in that scenario, it is cheap for [23] Mr. Albert.

[24] A: [ALBERT] Actually, we've already bought,

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[1] too.

[2] MR. LEVY: Thank you for the [3] correction, Mr. Jones. It's aptly noted.

[4] (Laughter.)

[5] Q: I take it — this goes back to Ms. Brown [6] and Ms. Stern — that if such equipment were used [7] in the Bell Atlantic central office, that [8] equipment, like the central-office equipment [9] itself, would have to be under the hands-on control [10] of Bell Atlantic staff; is that correct?

[11] A: [STERN] Yes, because we would own the [12] equipment, but for physical touching in the CO.

[13] Q: But the CLEC could control it [14] electronically from outside.

[15] A: [STERN] Yes.

[16] A: [KENNEDY] It is remote access, yes.

[17] Q: But if there were maintenance work on it [18] or anything that required a physical human being to [19] show up,

that would have to be a Bell Atlantic [20] person or presumably a person from your company, [21] Mr. Kennedy, who would come in and —

[22] A: [KENNEDY] That is correct. We do offer [23] complete service packages on our products.

[24] A: [STERN] It would be at the direction of

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[1] the CLEC, but to the extent it required CO [2] personnel, it would be our personnel. If the CLEC [3] directed us to call in CON-X technicians, then that [4] would occur through us.

[5] Q: And does the equipment use electricity?

[6] A: [KENNEDY] It's minus-48-volt office- [7] battery power. It's a standard office battery that [8] is used in the telephone office.

[9] Q: And what would the connection be like to [10] the power supply of the central office?

[11] A: [KENNEDY] Typically there would be a [12] miscellaneous fuse panel mounted in the top of the [13] relay rack that would be then powered from a [14] battery distribution phase bay or BDFB, as they [15] call it, and then there would be miscellaneous [16] wires, fuse positions to the robots themselves.

[17] Q: And Ms. Brown or Ms. Stern, would Bell [18] Atlantic therefore have a charge for that BDFB as [19] part of using this equipment?

[20] A: [STERN] There would be a cost-based [21] charge.

[22] Q: If I could hypothesize, similar to the [23] way in which the calculation for electric power was [24] made for the collocation cage in the company's

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[1] collocation cost study?

[2] A: [STERN] Yes.

[3] Q: Would there also be an installation [4] charge by Bell Atlantic to the CLEC for the [5] installation of this equipment in the central [6] office?

[7] A: [STERN] Yes, it would be on a vendor- [8] passthrough kind of basis.

[9] Q: The \$20,000 you talked about, [10] Mr. Kennedy, was the installed cost or the —

[11] A: [KENNEDY] No, that's equipment cost.

[12] Q: Thank you, Ms. Brown, let me just ask [13] you the policy question, which is: If the [14] Department here desired the parties to enter into a [15] collaborative approach to resolving this issue with [16] a mediator, would the company be amenable to that?

[17] A: [BROWN] The company certainly is [18] amenable to trying to trying to come to [19] resolution. Whether we'd be willing to do it with [20] a mediator, I don't know. I don't know the legal [21] ramifications of that.

[22] Q: The issue that's come up, it's clear the [23] negotiations haven't worked to resolve this issue. [24] What we're wondering is whether it would be

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[1] appropriate to try a different kind of consensual [2] approach, in which the parties and the mediator met [3] and tried to work it out that way.

[4] A: [BROWN] Sitting here today, I don't know [5] whether or not that would be agreeable to us.

[6] MR. LEVY: Mr. Jones, thank you for [7] your patience.

[8] MR. JONES: Thank you.

[9] CROSS-EXAMINATION

[10] BY MR. JONES:

[11] Q: Ms. Brown, I take it it is your [12] understanding of Bell Atlantic's legal position [13] that it is legally free to voluntarily provide any [14] combination of UNEs; is that correct?

[15] A: [BROWN] I think it's stated clearly — [16] and I'm not a lawyer, so I'm not into these words [17] as precisely as you all are. But I think it was [18] stated in our position statement that we are not [19] required, but we have voluntarily provided.

[20] Q: And I just want to be clear on the record [21] that it's your understanding that Bell Atlantic is [22] free to provide any combination of UNEs as a matter [23] of law, that it wouldn't violate the [24] Telecommunications Act by offering the UNE

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[1] combinations that it has already proposed in this [2] position statement; is that correct?

[3] MR. BEAUSEJOUR: Objection, Mr. [4] Levy. It clearly calls for a legal conclusion.

[5] MR. JONES: Well, Ms. Brown clearly [6] testified to some legal issues in her direct [7] testimony. I'm simply asking her for her [8] understanding of the company's position on this [9] issue, which is relevant.

[10] MR. LEVY: Fair enough.

[11] A: [BROWN] My view is that we have, [12] obviously, voluntarily proposed this.

[13] Q: And your understanding is, the company [14] would not have done so if it believed that it was [15] illegal to do so.

[16] A: [BROWN] We don't usually do

things, I [17] think that's a fair statement, that are illegal — [18] not knowingly.

[19] Q: So there's, to your knowledge, no legal [20] limitation on or no legal rule which dictates the [21] point at which Bell Atlantic decides when to stop [22] offering combined UNEs. That's a matter of policy [23] decision by Bell Atlantic essentially. Is that [24] correct?

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[1] A: [BROWN] I believe it's a policy as to [2] whether we want to volunteer to do this.

[3] Q: And so it's a question of in what [4] circumstances or in response to what inducements [5] Bell Atlantic is willing to provide particular [6] combinations of UNEs. Is that an accurate [7] statement?

[8] A: [BROWN] I am going to take issue with [9] the word "inducement."

[10] MR. LEVY: I'm sure he doesn't mean [11] it in any derogatory way.

[12] WITNESS BROWN: No, I'm sure he [13] doesn't.

[14] MR. LEVY: Right, Mr. Jones? You're [15] talking about legal inducements?

[16] MR. JONES: I'm talking about legal [17] inducements, absolutely.

[18] (Laughter.)

[19] A: [BROWN] I think it's fair to say that we [20] obviously offered a UNE-P with a glue fee in our [21] negotiated agreement or prefiled statement in New [22] York.

[23] Q: What specifically were the legal [24] inducements in New York that pushed Bell Atlantic

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[1] beyond where it's prepared to go in Massachusetts [2] in terms of offering the ultimate UNE [3] combination — that is, the UNE platform, including [4] the combination of loop and switch?

[5] A: [BROWN] I honestly was not part of the [6] negotiations and really cannot — I think it would [7] be going beyond anything within my knowledge to try [8] to explain those negotiations. It's my [9] understanding they're very complex.

[10] Q: In the Bell Atlantic position statement [11] filed here, which is now Exhibit Bell Atlantic [12] Combinations 2, you referred earlier, in response [13] to one of Mr. Levy's questions, to the footnote on [14] Page 4. Could we look at that, please.

[15] A: [BROWN] Sure.

[16] Q: I'm interested in particular in the [17] second sentence of the second paragraph. Quote, [18] "Bell Atlantic - Massachusetts recognizes that [19] there are issues that must be addressed and, as in [20] New York, is open to dealing with

them in [21] Massachusetts as part of a comprehensive plan with [22] many interrelated provisions that will achieve [23] regulatory support and approval of a 271 [24] application." Do you see where I am, Ms. Brown?

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[1] A: [BROWN] Yes, I do.

[2] Q: Now, is that statement properly [3] interpreted to mean that if the Massachusetts [4] Department were to make some form of commitment to [5] support a Bell Atlantic - Massachusetts Section 271 [6] application that in exchange for that support Bell [7] Atlantic would agree voluntarily to provide the UNE [8] platform?

[9] A: [BROWN] I don't know that I am [10] authorized to make that kind of statement. The [11] statement is as it reads. We are certainly willing [12] to try to resolve issues, and obviously, as part of [13] that resolution, there's give-and-take among the [14] parties. What we'd be willing to offer and what is [15] received in return, that's part of a negotiation or [16] part of a proceeding, and we certainly are willing [17] to participate in that kind of proceeding. I don't [18] particularly want to commit the company, sitting [19] here today, to what it will and won't do as part of [20] a negotiation.

[21] Q: The negotiation that would be necessary [22] to provide Bell Atlantic whatever assurance it's [23] looking for is a negotiation not with any CLEC but [24] rather with the Commission. Is that correct?

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[1] A: [BROWN] I don't know that that's [2] correct.

[3] Q: What Bell Atlantic achieved in New York [4] was some form of commitment from the commission to [5] support its 271 application. Is that your [6] understanding?

[7] A: [BROWN] I've read the document, and it [8] appears to — and the statements that have been [9] made, and it appears to say that. I really don't [10] know. I am also, I think I testified previously, [11] aware that the CLECs did not support this [12] agreement.

[13] Q: Has any CLEC, to your knowledge, in New [14] York endorsed the Bell Atlantic prefiling [15] statement?

[16] A: [BROWN] I do not have specific knowledge [17] of that.

[18] Q: In New York, to your knowledge, the only [19] entity which has made any form of commitment to [20] Bell Atlantic with respect to its 271 application [21] is the commission itself; isn't that correct?

[22] A: [BROWN] I don't have specific knowledge [23] that there's no one else. I

simply know precisely [24] what I've testified to.

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[1] Q: And if that's the case, then there is no [2] agreement that Bell Atlantic can enter into with [3] any CLEC or any collection of CLECs that would [4] satisfy the condition that's suggested in Footnote [5] 3 on Page 4 absent some commitment from the [6] Commission. Is that an accurate statement?

[7] MR. BEAUSEJOUR: Could I have the [8] question read back.

[9] Q: Let me restate it. It will be quicker. [10] The commitment, to your knowledge, that Bell [11] Atlantic has in New York is a commitment from the [12] commission, from the New York Public Service [13] Commission; is that correct?

[14] A: [BROWN] I think Mr. Levy asked me a [15] qualifying question on that this morning. My [16] understanding is that it was — pardon me; I cannot [17] remember the commissioner's name. The statement [18] has been made. I'm aware of that public [19] statement. I'm aware of what's been said publicly [20] about it. It's my understanding that the chairman [21] supported this. I don't have specific knowledge of [22] every commissioner in New York supporting it, and I [23] think I've testified to that.

[24] The statement here is not meant to be

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[1] as restrictive as I think you're implying. We are [2] open to trying to resolve these issues with [3] whatever process it takes. It certainly would be [4] the best of all worlds if everyone could come to [5] agreement on this, and we certainly haven't tried [6] to exclude people, and that's not the intent here.

[7] Q: And by "everyone" in that sentence, you [8] would include the Department, I take it?

[9] A: [BROWN] Certainly.

[10] Q: You understand that under the [11] Telecommunications Act it is the Department of [12] Telecommunications and Energy in Massachusetts that [13] is statutorily charged with making a recommendation [14] to the FCC on whatever Section 271 application Bell [15] Atlantic ultimately submits?

[16] A: [BROWN] Yes, and I also understand the [17] Department would have to pick whatever process it [18] felt it could participate in under such an [19] arrangement. That's why I term it as a process [20] rather than a negotiation.

[21] Q: And the Act does not speak to any [22] endorsement of a 271 application required or even [23] suggested by any competitor of Bell Atlantic. Is [24] that also your understanding?

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[1] A: [BROWN] I think you've gone beyond me.

[2] Q: Now, in New York Bell Atlantic is [3] currently making available ubiquitously and without [4] glue charge the UNE platform; isn't that correct?

[5] A: [BROWN] I really don't know. I do not [6] know the exact arrangements in New York.

[7] MR. JONES: Mr. Levy, it was [8] submitted as part of our position statement, but I [9] think I would ask that we mark as an exhibit the [10] prefiling statement submitted by Bell Atlantic in [11] New York. It might be AT&T Combinations Exhibit [12] 3. Having said it that way, that implies that it [13] might also be some other number. But as far as I [14] know, it ought to be No. 3.

[15] MR. LEVY: Let's call it AT&T [16] Combinations 3. If perchance we haven't used [17] No. 2, it will remain —

[18] MR. JONES: I know we've already used [19] No. 2. The only issue is whether there's already [20] another occupant of No. 3, and I don't think so.

[21] MR. LEVY: Let's call it 3. If [22] perchance we're double-counting, then it will [23] become 3A when the transcript is produced.

[24] (Exhibit AT&T Combinations 3 marked)

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[1] for identification.)

[2] A: [STERN] Could I try to answer that last [3] question?

[4] Q: Could I ask you to wait just a second?

[5] A: [STERN] Sure.

[6] (Pause.)

[7] Q: I'd like to direct attention to what is [8] now AT&T Combinations 3 at Page 10.

[9] First of all, Ms. Brown or Ms. Stern [10] or whomever, can we agree that this is the Bell [11] Atlantic - New York prefiling statement that we've [12] been referring to previously?

[13] A: [STERN] Yes.

[14] A: [BROWN] Sure.

[15] Q: And at Page 10, the first full paragraph, [16] the last sentence of that paragraph says, quote, [17] "Bell Atlantic - New York will continue its [18] current ubiquitous offering of the platform until [19] such methods for permitting CLECs to recombine [20] elements are demonstrated to the commission," close [21] quote. I'll repeat my question and leave it open [22] to any panelist to respond, whether it is the case [23] that Bell Atlantic is currently offering [24] ubiquitously in New York the UNE platform?

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[1] A: [STERN] Well, I didn't draft these exact [2] words. But as you can see from the footnote on [3] Page 9, Footnote 10, in central offices in New York [4] City where there are two or more collocation nodes [5] already used for providing local-exchange service [6] at the start date of this, UNE platform would not [7] be available.

[8] Furthermore, for certain services UNE [9] platform would not be available. It's only [10] available for POTS and for ISDN BRI. It's not [11] available, for example, for some of the large [12] business services, like a Centrex, as an example.

[13] Q: Ms. Stern, I'm going to interrupt you, [14] and I apologize for that, but I think we may be [15] talking about two different things. I'm not asking [16] what the deal is in New York that's reflected in [17] this agreement. I'm asking whether or not it is [18] true that pursuant to filed tariff Bell Atlantic [19] currently offers ubiquitously in New York the UNE [20] platform without in fact any of the restrictions [21] that you've just identified.

[22] A: [STERN] Currently pursuant to filed [23] tariff?

[24] Q: Yes.

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[1] A: [STERN] Yes, that's true. But there are [2] amendments to that tariff that are pending and will [3] be modified to reflect the terms of this agreement.

[4] Q: Well, to be accurate, there are [5] amendments to that tariff that have been proposed [6] by Bell Atlantic - New York and have not yet been [7] approved by the commission; isn't that correct?

[8] A: [STERN] Yes.

[9] Q: And whether or not those will be approved [10] or permitted is a matter for some future [11] determination.

[12] A: [STERN] Yes.

[13] Q: But as of today, there is a ubiquitous [14] UNE platform available pursuant to tariff in New [15] York State; isn't that correct?

[16] A: [STERN] There's not a package called a [17] UNE platform. There is a tariff that says the CLEC [18] may order combinations of unbundled elements.

[19] Q: Up to and including the platform; [20] correct?

[21] A: [STERN] I don't know if the "platform" [22] word is mentioned in there. I don't know if any [23] specific packages are mentioned in there.

[24] Q: I'm not asking you if "platform" is

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[1] mentioned in the tariff. I'm asking you

if the [2] platform permits the combination of elements that [3] would, if the CLEC chose the right ones, constitute [4] what we're referring to as the platform.

[5] A: [STERN] Well, as I said, there is a [6] currently effective tariff in New York with [7] modifications filed by Bell Atlantic pending that [8] says the CLEC may combine — may order combined [9] unbundled network elements from Bell Atlantic.

[10] Q: Let's pursue this a bit further. In the [11] sentence I've just quoted it states that Bell [12] Atlantic will continue its current ubiquitous [13] offering of the platform. Just to be clear, Ms.

[14] Stern: You don't have any reason or basis for [15] doubting the factual accuracy of this assertion, [16] which is that Bell Atlantic - New York is currently [17] ubiquitously offering the platform in New York? [18] You don't have any reason to doubt the accuracy of [19] that statement, do you?

[20] A: [STERN] No, if the platform is defined [21] as a combination of elements that a CLEC may [22] order.

[23] Q: So CLECs in New York today can buy the [24] platform from Bell Atlantic - New York.

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[1] A: [STERN] Yes.

[2] Q: And Bell Atlantic - New York in this [3] sentence is representing to the New York [4] commission, in exchange for whatever the deal is, [5] that it will continue to make that offering [6] available until such methods for permitting CLECs [7] to recombine elements are demonstrated to the [8] commission.

[9] And if I understand the language used [10] here correctly, the phrase "such methods" refers [11] back to the two preceding sentences, and I'm going [12] to quote the second sentence of this paragraph, [13] which says, quote, "In addition Bell Atlantic - New [14] York will demonstrate to the Public Service [15] Commission that competing carriers will have [16] reasonable and nondiscriminatory access to [17] unbundled elements in a manner that provides [18] competing carriers with the practical and legal [19] ability to combine unbundled elements." The second [20] sentence I'm quoting, "Among the issues to be [21] discussed in Bell Atlantic - New York's [22] demonstration is the feasibility of," internal [23] quote, "noncollocation," close whatever [24] quotes I have open. I'm bundling my quote-closing,

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[1] which I suspect is okay under the Act.

[2] (Laughter.)

[3] Q: Now let me ask the panel: Is my [4] understand that the reference in the final sentence [5] of this paragraph to, quote, "such methods," close [6] quote, is a reference back to the two preceding [7] sentences that I've just read?

[8] A: [BROWN] I've got to tell you something; [9] These words are what they are. I certainly am not [10] qualified. This is a legal document, that the [11] words were painfully worked out. I don't, sitting [12] here today, think that any one of us can answer [13] that.

[14] A: [STERN] There's nobody on this panel who [15] wrote these words.

[16] A: [BROWN] We're going beyond where we can [17] with this. It is what it is. It's the New York [18] agreement.

[19] Q: Well, what the New York agreement is, it [20] strikes me, is pertinent to what we're talking [21] about here and what Bell Atlantic is prepared to [22] commit to in one state, it seems to me, is [23] pertinent to the issues Mr. Levy raised about what [24] principled basis is there for not making that same

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[1] commitment here, which is why I'm pursuing it.

[2] MR. BEAUSEJOUR: I don't think that's [3] the purpose of today's hearing.

[4] MR. LEVY: If I may go a little bit [5] further: In the company's own submission, back to [6] the footnote on Page 4, the company, it seems to [7] me, is offering the opportunity to the Department [8] and the other parties for a comprehensive plan [9] with, quote, "many interrelated provisions that [10] achieve regulatory support and approval of a 271 [11] application." I for one don't know what that [12] means. I think Mr. Jones's questions about what [13] has been agreed to in New York are pertinent, and [14] that at least there there seems to be an agreement [15] among some parties — I don't know which parties [16] exactly. I know this Commission will be curious to [17] know what the company has in mind with regard to [18] what that footnote means in Massachusetts.

[19] WITNESS BROWN: Well, maybe I can [20] clarify it this way: The agreement in New York was [21] crafted looking at New York situations, New York [22] problems, New York issues. If we were to craft, [23] sitting here today — I was to start again and [24] craft one for Massachusetts, it would not be

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[1] identical to the New York one. I think Mr. Jones [2] has pointed out something that occurs in New York [3] that doesn't even happen in Massachusetts, it's not [4] even at issue here at the moment.

[5] There are other differences here. [6] This arbitration has resulted in a set of standards [7] or will result in a set of standards on service [8] quality different than the New York standards. [9] Those are just some obvious things that would be [10] different. Other issues that are being debated are [11] at different points.

[12] So at any state that we're in, if we [13] were to do this, what we're simply saying is, we [14] wouldn't necessarily start with the New York plan. [15] You'd probably put something together specifically [16] tailored to Massachusetts, and it wouldn't [17] necessarily be exactly like this.

[18] MR. LEVY: I think Mr. Jones and I [19] are coming from slightly different angles here. [20] I'm trying to understand what this statement means, [21] when Bell Atlantic in this case, in Massachusetts, [22] says it is open to dealing with these issues in [23] Massachusetts as part of a comprehensive plan. How [24] and in what form are you open to dealing with those

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[1] issues? What are you proposing in the way of a [2] process and/or substance for dealing with those [3] issues?

[4] WITNESS BROWN: We have not proposed [5] a process. One way might be upon application of [6] 271; that's the process that was used in New York. [7] Another way might be some other process that the [8] Commission deemed to be appropriate. We don't have [9] anything specific in mind.

[10] We have different rules in New York [11] for negotiating a different — just a different [12] makeup of our staff. This was not done in an [13] arbitration process in New York, and we don't see [14] it being done in the arbitration process, [15] necessarily, here. But we're open to try to define [16] a process. We're not trying to dictate one here.

[17] MR. LEVY: Perhaps I'm going beyond [18] my bounds here. But when I've heard or read [19] speeches by your chief executive officer in which [20] he has stated that getting 271 permission is an [21] extremely important thing for Bell Atlantic as part [22] of its overall corporate objectives —

[23] WITNESS BROWN: That's correct.

[24] MR. LEVY: — and I see a statement

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[1] like this saying Bell Atlantic is open to dealing [2] with these issues in a comprehensive plan, and then [3] there's a silence after that sentence as to what [4] that means, I'm having trouble understanding, as an [5] observer to the situation, how it's supporting the [6] strategic objectives that your CEO has said are so [7] important to the company.

[8] It's not a question you can answer; I [9] understand.

[10] WITNESS BROWN: I think we're talking [11] about timing here and at which place and where do [12] you start. And I'm not so sure that we're totally [13] clear on exactly how to make this work state by [14] state. We're not opposed to looking at different [15] kinds of processes. We're not saying we wouldn't [16] be willing to participate in it. We just don't [17] have something as predefined as I think maybe your [18] expectation is.

[19] MR. LEVY: I guess my expectations [20] would be, if it was an extremely important thing [21] for the strategic objectives of the company, the [22] company would have a proposal. Mr. Jones.

[23] Q: Ms. Brown, what's your understanding of [24] the current status of the Section 271 application

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[1] by Bell Atlantic - New York in New York?

[2] A: [BROWN] I don't know.

[3] Q: Isn't it true that Bell Atlantic - New York submitted a Section 271 application and [5] subsequent to certain commission proceedings [6] withdrew it, so that there is currently no Section [7] 271 application pending in New York?

[8] A: [BROWN] I don't know.

[9] Q: Could we have that as a record request?

[10] MR. LEVY: Sure. That's Record [11] Request Combo 4.

[12] (RECORD REQUEST.)

[13] Q: To anyone on the panel: Can you confirm [14] that Bell Atlantic at the highest executive levels [15] has declared that New York is the first [16] jurisdiction in which it intends to proceed and [17] expects to complete the process of getting [18] interLATA authorization pursuant to Section 271?

[19] A: [BROWN] I think the company's public [20] statements speak for themselves on that issue.

[21] Q: And I'm asking whether you can confirm as [22] you sit here that its public statements recite that [23] New York is the first jurisdiction in which it [24] intends —

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[1] A: [BROWN] We'd be happy —

[2] Q: May I finish my question? Whether New York [3] is the first jurisdiction in which it intends [4] to seek Section 271 authorization?

[5] MR. BEAUSEJOUR: We'll take that as a [6] record request.

[7] MR. JONES: Well, perhaps we could [8] ask if the witnesses are able to answer

my [9] question.

[10] A: [BROWN] I can't quote, and I'm not [11] willing to sit here and answer a question of that [12] specificity without the statement in front of me.

[13] A: [STERN] I can't, either.

[14] Q: Could we add to the request what Bell [15] Atlantic has publicly declared as to its intention, [16] in terms of timing, for making its 271 application [17] in Massachusetts.

[18] A: [BROWN] I can speak to that briefly. I [19] believe there was a statement in which Ivan [20] Seidenberg was quoted in the Boston Globe. He is [21] actually misquoted in that statement. I believe it [22] said in the Boston Globe that it was September.

[23] Q: And what's the accurate quotation?

[24] A: [BROWN] I believe he said fourth

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[1] quarter.

[2] Q: Did the Herald get it right?

[3] A: [BROWN] I don't know. I haven't read [4] the Herald article.

[5] MR. LEVY: We have a record request [6] numbered 5 on whether New York is to be the first. [7] Is that the record request?

[8] MR. JONES: Whether it is Bell [9] Atlantic's publicly declared strategy that New York [10] will be the first jurisdiction in which it seeks [11] and expects to receive Section 271 authorization; [12] and secondly, what it has said with respect to its [13] expectations for filing for such approval in [14] Massachusetts.

[15] MR. LEVY: That will be Record [16] Request Combinations 5.

[17] (RECORD REQUEST.)

[18] Q: Back to Exhibit AT&T-3. I guess I'm [19] either with Ms. Brown or Ms. Stern. Ms. Stern, you [20] a little bit earlier were describing what I believe [21] are some of the details of the deal in New York or [22] the details of some of the commitments that Bell [23] Atlantic has offered in this pre-filing statement. [24] Looking at Page 9 of the exhibit, it sets forth

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[1] some of those limitations that I think you were [2] describing. First of all, there are limitations on [3] the platform offering with respect to certain kinds [4] of services — voice-grade, ISDN BRI. There are [5] time limitations on the offerings, four years and [6] six years, depending on whether you're talking [7] residence or business. And then combinations [8] charges or not, depending again on what zone you're [9] talking about, what service you're talking about, [10] and whether

it's residence or business. Is that a [11] generally accurate summary?

[12] A: [BROWN] I don't think so.

[13] Q: It's too bad, because Ms. Stern was [14] nodding her head yes, I thought.

[15] A: [BROWN] I'm just looking at the chart. [16] There's one section that's res. and there's one [17] section that's bus. And four years and six years [18] is, in my reading of that chart, is a restriction [19] of Zone 1, Zone 2 — just as a simple matter.

[20] Q: I was just trying to catalogue the [21] various points. I did say residence versus [22] business, four years versus six years, glue charge [23] versus no glue charge, voice-grade ISDN versus [24] other kinds of services. Those are the kinds of

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[1] things that we're talking about. Is that generally [2] what we're talking about in this presentation?

[3] A: [STERN] Generally, yes.

[4] Q: And my understanding of this agreement is [5] that none of the time periods, none of the [6] four-year or six-year time periods, actually is [7] triggered until the condition set forth in that [8] first full paragraph on Page 10 has been satisfied; [9] that is, that Bell Atlantic demonstrates to the [10] satisfaction of the New York commission whatever [11] these methods it's referenced in "such methods for [12] permitting CLECs to recombine elements." Once that [13] demonstration is made, then these four- and six- [14] year periods begin. Is that your understanding?

[15] A: [STERN] No, my understanding is what it [16] says in Footnote 9. The duration for both [17] voice-grade and ISDN BRI commence upon availability [18] to CLECs of OSS upgrades scheduled for August of [19] 1998 to the satisfaction of the Public Service [20] Commission.

[21] Q: Let's focus on that footnote, Ms. Stern. [22] Let's hypothesize that the Public Service [23] Commission isn't satisfied until December of 1998. [24] What would be the beginning of the four- and

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[1] six-year periods in that hypothetical [2] circumstance?

[3] MR. BEAUSEJOUR: Objection, Mr. [4] Levy. That goes far beyond any legitimate area of [5] inquiry in this proceeding. We are here to discuss [6] the arrangements by which Bell Atlantic will make [7] individual UNEs available to CLECs so that they can [8] combine them and whether a specific proposal that [9] we made is reasonable. We're not parsing a [10] document that was presented in New York and asking [11] for witnesses' in-

terpretations of a document that [12] relates solely to the New York proceeding.

[13] MR. LEVY: Mr. Beausejour, I have to [14] disagree. I think Bell Atlantic opened this door, [15] if in no other place than in the footnote on Page 4 [16] of Exhibit BA Combo 2, in which it says it [17] recognizes that the issues must be addressed and, [18] as in New York, is open to dealing with them in [19] Massachusetts as part of a comprehensive plan. For [20] us to understand what "as in New York" means I [21] think is a legitimate question.

[22] Now, if the witnesses don't know [23] exactly what it means, that's fine; and what comes [24] of it, I don't know yet. But I think Bell Atlantic

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[1] opened that door.

[2] MR. BEAUSEJOUR: Mr. Levy, I [3] respectfully disagree that we've opened the door. [4] We're here in an arbitration proceeding, not in a [5] 271 proceeding. This is an entirely different [6] context. This issue is being dealt with in the [7] context of specific parties requesting specific [8] interconnection arrangements, and I think we should [9] be dealing with it in that context, and not in the [10] broader context that was dealt with in New York. [11] There was no suggestion in the footnote that this [12] proceeding should be — is a 271 proceeding and [13] it's appropriate for those types of issues to be [14] addressed.

[15] MR. LEVY: I'm not hearing Mr. [16] Jones's questions as asking about Bell Atlantic's [17] 271 application. I'm hearing them as asking about [18] this agreement, and I think that's legitimate. Mr. [19] Jones.

[20] Q: I think there's a question pending. Ms. [21] Stern, can you recall it?

[22] A: [STERN] No, please read it back.

[23] (Question read.)

[24] A: [STERN] I can't speculate on that

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[1] answer.

[2] Q: Could I make that a record request, Mr. [3] Levy?

[4] MR. LEVY: Yes. That will be Record [5] Request 6.

[6] (RECORD REQUEST.)

[7] Q: Let's assume now, Ms. Stern, that the [8] schedule reflected in Footnote 9 comes true, so [9] that by August of —

[10] Well, strike that. I think I know [11] the answer to this; but what is your understanding [12] of the statement in Footnote 9? Is it simply that [13] the OSS upgrades that are referenced there are [14] scheduled to be in place by August of

1998, or [15] should it be read that the expectation is that the [16] Public Service Commission will be satisfied by [17] August of 1998? Do you have any understanding?

[18] A: [STERN] I don't know.

[19] Q: Let's assume that both things happen by [20] August of 1998; that is, both the OSS upgrades are [21] in place and the Public Service Commission has [22] expressed its satisfaction with those upgrades. Is [23] it correct that until August of 1998 the current [24] ubiquitous offering of UNE platform in New York

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[1] will continue to be available without any [2] limitation as to service and without the running of [3] any four-or-six-year time period?

[4] A: [STERN] That offering will be available [5] until that particular tariff gets modified.

[6] Q: Which will happen if and when the New [7] York commission approves any such modification; [8] correct?

[9] A: [STERN] Yes.

[10] Q: Let's look at the chart at the top of [11] Page 9. It is correct, is it not, that the New [12] York commission has approved so far only two [13] density zones in New York, so Zone 1 and Zone 2 [14] encompass the entire State of New York?

[15] A: [STERN] Yes.

[16] Q: In your response to a question from Mr. [17] Levy earlier, Ms. Stern, I think you told us that [18] you expected there to be two elements of any glue [19] charge or combination charge that Bell Atlantic [20] might propose in Massachusetts: One was the [21] recovery of any costs, to the extent that Bell [22] Atlantic incurs costs in providing combinations; [23] and the second was a non-cost-based charge, if I [24] understood correctly, to close the gap between the

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[1] UNE rate and retail rates. Did I hear you [2] correctly?

[3] A: [STERN] That's roughly what I said, [4] yes.

[5] A: [BROWN] Could I add to that, please?

[6] Q: Not what I just asked Ms. Stern, no. I [7] asked her to confirm what she testified to [8] earlier. So let me ask the next question, please.

[9] MR. BEAUSEJOUR: Then you're going to [10] let Ms. Brown answer?

[11] MR. JONES: She may not want to [12] answer the next one. We'll see.

[13] A: [BROWN] I don't think you have a [14] complete answer on the last one.

[15] Q: Okay. I'll live with it.

[16] Can we infer from the dollar amounts [17] we're looking at in New York that there is no cost [18] involved in providing the platform either for [19] voice-grade or for ISDN BRI services for [20] residential customers?

[21] A: [STERN] No. I think as Ms. Brown [22] testified to earlier, we don't know how those [23] amounts were arrived at. So I don't think you can [24] infer any conclusions from it.

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[1] A: [BROWN] I also think, to add to that, [2] since it was my testimony, that Ms. Stern has not [3] testified that the basis upon which any glue fees [4] would ever be proposed in Massachusetts would be as [5] she stated. What she testified, to my hearing, and [6] what the company's proposal is, is the glue fees [7] that are associated with what we have offered in [8] this proposal. We in no way have talked about [9] future glue fees or what any proposal might be in [10] the State of Massachusetts. Nor have we said that [11] the glue fees, if we were to do such a thing, would [12] even resemble what's in the New York plan.

[13] Q: Fine. Can you add anything to Ms. [14] Stern's answer to my question, Ms. Brown?

[15] A: [BROWN] I think I testified to that [16] previously, that we don't know the basis for the [17] glue fees and exactly —

[18] Q: My question was: Can we infer?

[19] A: [BROWN] I can't infer if I don't know.

[20] Q: Fair enough. In the Massachusetts [21] proposal the combinations, or at least some of the [22] combinations, that are being proposed, as Mr. Levy [23] has pointed out, are being offered in this Bell [24] Atlantic proposal for three years. Am I correct in

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[1] understanding the time periods you're proposing to [2] impose on your Massachusetts offering?

[3] A: [STERN] Let me just take a minute to [4] look at them.

[5] Q: If you go to Page 9, the switch [6] subplatform, am I understanding you that it's a [7] three-year offering?

[8] A: [STERN] Yes, the switch subplatform is [9] for three years and the enhanced extended loop is [10] for three years.

[11] Q: Does any member of the panel understand [12] the basis for the four- and six-year proposals in [13] the New York prefiling statement?

[14] A: [BROWN] It's my understanding those were [15] negotiated.

[16] Q: Negotiated between Bell Atlantic

and the [17] New York commission? Is that your understanding?

[18] A: [BROWN] I couldn't even say which [19] parties dealt with this particular portion of the [20] agreement.

[21] Q: So the record here is as clear as [22] possible, my understanding is that the commission's [23] response in New York to this prefiling statement is [24] in the form of a letter from the chairman of the

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[1] commission to the deputy chairman of the [2] commission. Can anyone confirm that [3] understanding?

[4] A: [STERN] No.

[5] A: [BROWN] I'm sorry, I can't.

[6] Q: Can anybody identify any other form in [7] which the New York commission has officially or [8] unofficially commented on, confirmed, agreed to the [9] conditions stated in Bell Atlantic - New York's [10] prefiling statement? Do you know how the New York [11] commission has done that?

[12] A: [BROWN] I don't know.

[13] A: [STERN] I don't know.

[14] Q: And it's also my understanding that the [15] chairman of the New York commission, who acted in [16] some form or fashion on this within minutes or, at [17] most, days of having done so, resigned and is no [18] longer the chairman of the New York commission. [19] Can anyone confirm that understanding?

[20] A: [BROWN] It's my understanding he has [21] retired.

[22] MR. LEVY: Are you suggesting a [23] relationship between the two events?

[24] MR. BEAUSEJOUR: We should rename Mr.

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[1] Jones Mr. Starr.

[2] MR. JONES: I think that's the worst [3] thing that's ever been said to me.

[4] (Laughter.)

[5] Q: I'm going to ask a record request of Bell [6] Atlantic. I will state on the record, it is my [7] understanding that the New York commission's only [8] action of an official or semiofficial nature with [9] respect to the prefiling statement in New York is [10] in the form of a letter from now-resigned Chairman [11] O'Mara to Deputy Chair Helmer, now Chair Helmer. I [12] would ask if Bell Atlantic would either confirm the [13] accuracy of that understanding or, if that's [14] incorrect, inform us as to what action and in what [15] form the New York commission has taken with respect [16] to the prefiling statement.

[17] MR. LEVY: We'll make that Record [18] Request 7.

[19] (RECORD REQUEST.)

[20] Q: Is it the panel's understanding of the [21] New York prefiling statement that Bell Atlantic - [22] New York has made no commitment with respect to [23] providing the UNE platform for ISDN primary-rate [24] interfaces?

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[1] A: [BROWN] That's correct.

[2] A: [STERN] Correct.

[3] Q: Other than voice-grade, ISDN BRI, and [4] ISDN PRI, what services are excluded from the [5] platform commitment — No, that question is not [6] going to work. The New York prefiling statement [7] makes platform commitments with respect to voice- [8] grade services and ISDN BRI; correct?

[9] A: [STERN] Yes.

[10] Q: It does not make any platform commitment [11] with respect to ISDN PRI; correct?

[12] A: [STERN] Yes.

[13] Q: What else is there?

[14] A: [BROWN] I think there are other [15] exclusions listed in here, but I certainly couldn't [16] cite pages for you.

[17] A: [STERN] There are also digital and [18] high-capacity services, Centrex services, just to [19] name a couple.

[20] Q: Digital and high-capacity services that [21] would include — would any of those, Ms. Stern, [22] include the use of off-the-shelf loops or links?

[23] A: [BROWN] I don't know what an off-the- [24] shelf loop or link is.

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[1] Q: I don't either. You never know.

[2] A: [BROWN] There are exceptions in here, [3] and I couldn't find a page for you.

[4] Q: Ms. Stern, you made reference earlier, I [5] think, to the limitation that's set forth in [6] Footnote 10 on Page 9 of the New York prefiling [7] statement, Exhibit Combo 3, which is with respect [8] to Bell Atlantic's not having an obligation to [9] provide UNE platform in any central office in New [10] York City where two or more CLECs are collocated to [11] provide local-exchange service through unbundled [12] links at the commencement of the duration period. [13] Correct?

[14] A: [STERN] Yes.

[15] Q: That is a limitation that is not [16] currently in effect in New York in the ubiquitously [17] available UNE-platform tariff offering; isn't that [18] correct?

[19] A: [STERN] Yes.

[20] Q: And if I understand the footnote [21] correctly, the measuring point is at

the [22] commencement of the duration period; so that in a [23] central office where there are no CLECs or only one [24] CLEC collocated at the commencement of that period,

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[1] the fact that additional CLECs may become [2] collocated after the commencement of that period [3] won't cause UNE platform to become unavailable at [4] that central office. Is that correct?

[5] A: [STERN] I'm not positive about that.

[6] Q: When Bell Atlantic sells the UNE platform [7] to a CLEC in New York to provide service to an [8] existing customer who already has physical [9] facilities in place serving that customer and in [10] the circumstance where the customer chooses to [11] switch to a CLEC — assuming the CLEC doesn't [12] change the services it's purchasing, what costs [13] does Bell Atlantic incur in New York in providing [14] the UNE platform to the CLEC for that customer?

[15] A: [STERN] There are costs associated with [16] processing the service order, making changes in the [17] software and billing systems and other downstream [18] systems.

[19] Q: Bell Atlantic has proposed in New York [20] and Massachusetts, has it not, various charges to [21] cover service-ordering/processing costs; is that an [22] accurate statement?

[23] A: [STERN] Yes.

[24] Q: In the scenario I've just outlined, what

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[1] costs other than those already encompassed within [2] the existing cost-recovery proposals — what costs, [3] if any, are incurred in that scenario?

[4] A: [STERN] I'm not aware of any right now.

[5] Q: So in that scenario, if one element, Ms. [6] Stern, of your cost-based — of your proposed glue [7] charge — and I understand we're not talking [8] Massachusetts, except only hypothetically — there [9] would be no cost-based element of a glue charge if [10] Bell Atlantic were to provide one for the scenario [11] I've outlined. Is that accurate?

[12] A: [STERN] Well, as I've been sitting here [13] I thought of some other costs the company might [14] incur, such as setting up the CLEC initially to [15] have a routing plan in the Bell Atlantic network, [16] some account-management and hand-holding functions [17] to get the CLEC up and running. And Bell Atlantic [18] has proposed rates to cover some of those costs. [19] There could be ad-

ditional costs of that nature that [20] we haven't filed for in New York.

[21] Q: Are you familiar with Bell Atlantic's [22] nonrecurring-cost study filed in Massachusetts?

[23] A: [STERN] No.

[24] Q: So you couldn't speak to whether there

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[1] are any costs of the sort you just identified that [2] are not already encompassed in the costs studied [3] and reflected in the Bell Atlantic - Massachusetts [4] nonrecurring-cost study.

[5] A: [STERN] No.

[6] Q: Could we go back to Page 10 of the New [7] York prefiling statement, please. I want to look [8] at the second full paragraph on Page 10. In that [9] paragraph — first of all, if I could paraphrase [10] it, and please correct me if I'm doing it [11] incorrectly. I understand this to be a commitment [12] by Bell Atlantic - New York to provide UNE [13] combinations that are less than or fall short of [14] being the total platform. Is that an accurate [15] understanding of what this paragraph addresses?

[16] A: [STERN] Yes.

[17] Q: And in the third or fourth sentence [18] there's a reference to Bell Atlantic possibly [19] seeking authority from the PSC in New York for an [20] additional charge to the requesting carrier for [21] these services. Do you see that reference?

[22] A: [STERN] Yes.

[23] Q: Is that a reference to a combination or [24] glue charge?

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[1] A: [STERN] Yes.

[2] Q: To your knowledge, to anyone's knowledge, [3] has Bell Atlantic - New York proposed any such [4] specific charge in New York at this time?

[5] A: [STERN] Not at this time.

[6] Q: If you haven't proposed it, presumably [7] the Public Service Commission in New York hasn't [8] approved it; correct?

[9] A: [STERN] That's a good assumption.

[10] Q: So this commitment is to provide [11] combinations of UNEs less than the platform without [12] glue charge, unless and until Bell Atlantic - New [13] York proposes and the New York commission approves [14] any such charge. Is that an accurate understanding [15] of this paragraph?

[16] A: [STERN] Yes.

[17] Q: And at the end of this paragraph, Bell [18] Atlantic - New York explicitly commits that it will [19] not require

collocation for any such combinations [20] except in instances where collocation is [21] technically necessary. Is that correct?

[22] A: [STERN] Yes.

[23] Q: It is correct, is it not, that in order [24] to provide the UNE platform, there is no technical

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[1] necessity for collocation?

[2] A: [STERN] Generally that's true.

[3] Q: And in fact it precisely — although I [4] don't think collocation is referenced in the [5] preceding paragraph, it's implicit that the [6] UNE-platform offering is an offering that does not [7] involve any collocation requirement; isn't that [8] correct?

[9] A: [STERN] I'm sorry. Repeat the [10] question.

[11] Q: The first paragraph on Page 10 of the New [12] York prefiling statement that we looked at [13] previously, referring to providing the unbundled- [14] network-element platform, it's your understanding, [15] is it not, that that's an offering made by Bell [16] Atlantic - New York which will not require [17] collocation by CLECs?

[18] A: [STERN] You're talking about the [19] platform that's discussed in that paragraph?

[20] Q: Yes.

[21] A: [STERN] That was an offering that was [22] filed prior to the Eighth Circuit Court ruling, and [23] no collocation was required at that time.

[24] Q: And still isn't?

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[1] A: [STERN] I think that's a legal [2] interpretation.

[3] Q: Well, your understanding of the tariff in [4] New York is that it hasn't changed.

[5] A: [STERN] Yes, the tariff hasn't changed.

[6] Q: So no collocation requirement or [7] condition has been added to that tariff provision?

[8] A: [STERN] I don't think the tariff [9] specifies one way or the other whether or not [10] collocation is required.

[11] Q: Is it your understanding, Ms. Stern, that [12] the commitment Bell Atlantic - New York makes to [13] provide the UNE platform in New York in this [14] prefiling statement is a commitment to provide the [15] platform without requiring collocation?

[16] A: [STERN] Yes.

[17] Q: Ms. Brown, how does the New York [18] arrangement that we've been

looking at satisfy Bell [19] Atlantic - New York's concerns, assuming they have [20] them, with price arbitrage between UNEs and [21] resale?

[22] A: [BROWN] Well, I think I've stated a [23] couple of times, and I'll state it again: We don't [24] know the precise derivation of the glue fees. We

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[1] don't know the trade-offs, exactly what was made. [2] This is a negotiated settlement, and certainly [3] there's give-and-take here. So it may not address [4] all of our arbitration concerns. Sitting here [5] today saying that is nothing more than speculation.

[6] Q: You just said "arbitration concerns." I [7] said "arbitrage."

[8] A: [BROWN] "Arbitrage." My mistake.

[9] Q: Let's focus on residential services in [10] New York for which there will be no glue charge.

[11] A: [BROWN] Yes.

[12] Q: I think I'll just repeat the question I [13] just asked you, Ms. Brown: For residential [14] services for which Bell Atlantic will impose no [15] glue charge, what else is included in the deal in [16] New York which satisfies Bell Atlantic's concerns [17] with price arbitrage?

[18] A: [BROWN] Well, I can't tell you that. [19] But I can tell you this, that might shed some light [20] on it: New York rates for both UNEs and retail [21] services are different than Massachusetts rates. [22] New York has two zones. We've talked about that [23] today. We have four zones for UNE pricing in [24] Massachusetts. New York has different rates. New

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[1] York has different rate structures for local [2] service, all kinds of differences.

[3] So what the level of concern is for [4] arbitrage in New York could be very different. [5] It's somewhat speculative at this point in time, [6] but I would add this: As I see it, any proposal of [7] this nature would have to be tailored to each [8] state, and what the issues and concerns are and [9] what the trade-offs are is going to vary, and it's [10] going to vary depending upon how we see the [11] arbitrage and the concerns we have.

[12] Q: Let's take a step back and look at it a [13] little bit more in a macro sense. My understanding [14] is that the arrangement in New York involves [15] commitments made by Bell Atlantic - New York to the [16] New York commission, all of which are reflected in [17] the prefiling statement that we've been looking [18] at. Is that the panel's understanding, that [19] everything that Bell Atlantic committed to the New [20] York commission in exchange for whatever it got — [21]

which I'm going to get to in a minute — is set [22] forth in the prefiling statement that we're looking [23] at?

[24] A: [BROWN] I don't know how to even begin

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[1] looking at that question.

[2] Q: How about yes, no, or I don't know?

[3] A: [BROWN] We've said "I don't know" so [4] many times on this thing, and we can persist.

[5] Q: That's an answer. Ms. Stern, do you have [6] an answer to my question?

[7] A: [STERN] No.

[8] Q: The flip side is what Bell Atlantic got [9] in exchange for whatever commitments it made to the [10] New York commission. And it is my understanding [11] that what Bell Atlantic got in exchange was a [12] commitment from the chair of the New York [13] commission that if and when all of the commitments [14] and conditions set forth in the prefiling statement [15] prove to be satisfied, the New York commission will [16] be prepared to endorse Bell Atlantic's 271 [17] application to the FCC. Is that consistent with [18] the panel's understanding of what the quid pro quo [19] that came to Bell Atlantic in this arrangement is?

[20] A: [BROWN] I think I have testified to the [21] extent of my knowledge on this earlier this [22] morning; and beyond that, I don't know.

[23] Q: Ms. Stern?

[24] A: [STERN] I think the document speaks for

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[1] itself, and it says what it says with respect to [2] support for the 271 application.

[3] Q: Let's look at the first page of the [4] document, because we don't actually have in front [5] of us anything from the New York commission. All [6] we have is this that went from Bell Atlantic to the [7] commission.

[8] On the first page, the second [9] sentence says, quote, "Bell Atlantic - New York [10] requests that the chairman of the New York Public [11] Service Commission indicate whether, assuming Bell [12] Atlantic - New York meets each milestone listed in [13] Appendix I and discussed below, it will issue a [14] positive recommendation on the Bell Atlantic - New [15] York filing to the FCC," close quote. Is anyone on [16] the panel aware of any commitment requested by Bell [17] Atlantic or offered by the New York commission [18] beyond the commitment to provide a positive [19] recommendation in exchange for Bell

Atlantic's [20] prefiling statement?

[21] A: [BROWN] We're not aware of anything more [22] than what it says here or what was in public [23] statements.

[24] Q: So whatever principles, as Mr. Levy was

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[1] pursuing earlier with you, Ms. Brown — whatever [2] principles underlie Bell Atlantic's decision to [3] offer certain combinations but not all [4] combinations, as far as you know, Bell Atlantic is [5] prepared to surrender those principles in exchange [6] for a commission commitment to endorse its Section [7] 271 application. Is that an accurate [8] characterization of what we're looking at?

[9] A: [BROWN] No, it's not.

[10] Q: Let me restate the question, then. In [11] New York was Bell Atlantic - New York prepared to [12] yield on whatever principles underlay its [13] resistance to providing the UNE platform in [14] exchange for a commitment by the New York [15] commission to endorse its Section 271 application?

[16] A: [BROWN] I don't believe it's a one-for- [17] one scenario here. I think it's a comprehensive [18] set of conditions that addressed a comprehensive [19] set of issues and problems in New York, and you [20] cannot do a single "in exchange for this, we got [21] that." It's just an oversimplification of the [22] agreement.

[23] Q: I understand it is a comprehensive [24] offering by Bell Atlantic, and that's what we've

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[1] got in front of us, and it goes on for 20, 30, 40 [2] pages and appendices and whatever. What I'm trying [3] to get at is what came the other way? Is there [4] anything other than the agreement, commitment by [5] the New York commission that once Bell Atlantic [6] does all of this the New York commission will [7] endorse the 271 application?

[8] A: [BROWN] We're not aware of anything [9] else, other than what's in this statement and in [10] public statements.

[11] MR. JONES: Mr. Levy, I don't know [12] what your pleasure is as to a lunch break; but to [13] the extent my pleasure is relevant, I wouldn't mind [14] one.

[15] MR. LEVY: Let's go off the record [16] briefly.

[17] (Discussion off the record.)

[18] MR. LEVY: Let's go back on the [19] record.

[20] Q: Ms. Stern, have you had occasion prior to [21] today to reread, or read, the transcript of your [22] testimony given on December 16th, 1997, in this [23] room?

[24] A: [STERN] Actually, I have not reread it

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[1] for a long, long time.

[2] Q: I was going to ask whether you had any [3] corrections to what you had testified to [4] previously; but if you haven't reread it in a long [5] time, I won't request that.

[6] In your statement at the beginning of [7] this morning you made reference to the possibility [8] of a single collocation arrangement per LATA for [9] CLECs. My understanding is that referred [10] specifically to CLECs which provide their own [11] switching functionality. Is that correct?

[12] A: [STERN] Yes.

[13] Q: And the extended-link offering is an [14] offering that is useful to a CLEC that has its own [15] switch functionality for providing local service. [16] Is that an accurate statement?

[17] A: [STERN] Yes. It would also be useful to [18] a CLEC that was just in the business of dedicated [19] private lines and didn't need to provide switch [20] services.

[21] Q: For providing local-service offerings [22] using Bell Atlantic's loops and switches, the [23] extended-link offering would not be useful in the [24] provision of that service offering by a CLEC; isn't

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[1] that correct?

[2] A: [STERN] I'm sorry, the question again.

[3] Q: Sure. For a CLEC that wants to offer [4] local service and it wants to do so by employing [5] Bell Atlantic's loops and switches, extended link [6] is not relevant to that CLEC for that purpose; is [7] that correct?

[8] A: [STERN] Correct.

[9] Q: And that CLEC would need to either [10] physically or virtually collocate in every central [11] office through which it attempted or wished to [12] serve retail customers; is that correct?

[13] A: [STERN] For the purpose of combining a [14] link and a Bell Atlantic switch port, yes.

[15] Q: And the extended-link offering I believe [16] you said is not an offering that permits ultimate [17] connection to a Bell Atlantic switch, but rather is [18] an extension of a link that would go to a [19] collocation space, collocation facility, owned by [20] the CLEC.

[21] A: Yes.

[22] Q: In the December hearing, you testified at [23] that time to various offerings that Bell Atlantic [24] was then prepared to make. And if I recall

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[1] correctly, there was actually a Bell Atlantic [2] industry forum that was scheduled around the time [3] of the December hearing, in New York. Do you [4] recall that?

[5] A: [STERN] Yes, there was something on [6] December 9th.

[7] Q: I want to start with the switch [8] subplatform that's referenced in the current [9] position statement. Can you identify what [10] components of the switch-subplatform offering [11] that's identified — I'm looking at Page 9 of the [12] Bell Atlantic position statement. What's included [13] in there that Bell Atlantic didn't state to [14] industry representatives in December that it would [15] offer to the industry on a combined basis?

[16] A: [STERN] Do you mean in the December 9th [17] industry forum?

[18] Q: If that was the date that was held. I [19] just know it was in December; I don't remember the [20] exact date.

[21] A: [STERN] The main focus of that date was [22] to demonstrate to CLECs that we had workable [23] methods and procedures if a CLEC wanted to combine [24] a link and a port through its own collocation

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[1] node. The switch subplatform, if a CLEC were using [2] that it would still need to combine that platform [3] with either our links or its own links through a [4] collocation-type arrangement.

[5] In that industry forum we didn't talk [6] about anything beyond the switch. In this we talk [7] about a comprehensive connection to everything [8] beyond the switch, including things like STPs, 911, [9] operator platforms, et cetera.

[10] Q: And isn't it correct that as of December [11] of 1997 Bell Atlantic was prepared to offer the [12] combination of elements that's reflected under the [13] heading Switch Subplatform as an offering to the [14] CLEC industry? That was available from Bell [15] Atlantic as of that time, was it not?

[16] A: [STERN] I don't know when this was first [17] available. I just don't know.

[18] Q: Given that answer, an unfair question: [19] But not only was it available from Bell Atlantic at [20] that time, but it was available at that time [21] without any mention having been made of any glue or [22] combination charge being proposed by Bell Atlantic [23] for what we're now seeing called a switch- [24] subplatform offering.

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[1] MR. BEAUSEJOUR: I'll object. You're [2] correct, Mr. Jones: It was an unfair

question.

[3] MR. LEVY: I'm happy to have a record [4] request on the previous question.

[5] MR. BEAUSEJOUR: I don't mind taking [6] a record request on the previous question.

[7] MR. JONES: I think it would be a [8] good idea if I asked a record request, on the two [9] questions, which is whether Bell Atlantic was [10] offering what is now called the switch subplatform [11] as of December of 1997; and, if not, what pieces of [12] it wasn't it offering? And isn't it the case that [13] it was making that offering without at that time [14] proposing a combination or glue charge?

[15] MR. LEVY: Fine. That will be Record [16] Request 8.

[17] (RECORD REQUEST.)

[18] Q: And the switch subplatform, Ms. Stern, [19] refers to network elements that are entirely on the [20] trunk side of the switch and out into the network [21] from the trunk side of the switch. Is that a fair [22] characterization?

[23] A: [STERN] Yes.

[24] Q: In the Bell Atlantic/NYNEX filing with

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[1] the FCC with respect to the then-proposed merger of [2] the two companies, the companies made a commitment [3] to the FCC to provide what they described as the [4] combination of unbundled network elements known as [5] shared transport. Are you familiar with that?

[6] A: [STERN] Yes.

[7] Q: Just so it's clear on the record: What [8] components of what you're now calling a switch [9] subplatform constitute what was, may still be, [10] referred to as shared transport as that term was [11] used in the commitment made to the FCC? Do you [12] understand that?

[13] A: [STERN] Just as I wasn't there in the [14] negotiation of the New York agreement, I wasn't [15] there in the negotiations of the FCC merger [16] agreement. But my understanding of the shared [17] transport referred to in that agreement is that it [18] included basically the transport of POTS-type [19] calls, if you will, like a local call or a call —

[20] Q: I missed the phrase there.

[21] A: [STERN] It included transport of a [22] POTS-type, such as a local call or a call to an [23] interexchange carrier. It did not include a [24] commitment of transport to the operator and

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[1] directory platforms, and it did not include a [2] commitment of transport to the 911 hubs, did not [3] include a

commitment of transport to databases and [4] STPs, et cetera. So this offering builds upon [5] that. It gives more than that, because it includes [6] all of those.

[7] Q: How does Bell Atlantic, can Bell Atlantic [8] provide shared transport without signaling?

[9] A: [ALBERT] You can use multi-frequency [10] signaling, which is out of band, and not use the [11] STPs.

[12] Without the STPs, we can use [13] multifrequency signaling, and that signaling for [14] shared transport. That would not have the [15] signaling links or the signaling STPs.

[16] Q: It would have a different form of [17] signaling.

[18] A: [ALBERT] In-band MF, multi-frequency.

[19] Q: You've got to have some signaling with [20] shared transport; otherwise it doesn't go [21] anywhere.

[22] A: [ALBERT] That's right, some form of.

[23] Q: On Page 10 of the Bell Atlantic position [24] statement, Exhibit BA Com- bo 2, Ms. Stern. I'm just

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[1] curious, the description "enhanced extended-loop [2] service": How is extended-loop service enhanced in [3] this offering?

[4] A: [STERN] I think that's just the name we [5] gave it. It has a good acronym.

[6] Q: Well, the acronym is EELS.

[7] (Laughter.)

[8] A: [STERN] We chose the word "enhanced." [9] The service is what it is, as we've described it [10] here. You can call it enhanced or not, as you [11] please.

[12] (Discussion off the record.)

[13] MR. JONES: I think anything else I [14] have I don't need to ask Ms. Stern, so I can stop [15] with my questions of her and reserve for later.

[16] MR. LEVY: Ms. Barbulescu, do you [17] have any questions for Ms. Stern before she has to [18] leave today?

[19] MS. BARBULESCU: Yes, I have a few.

[20] CROSS-EXAMINATION

[21] BY MS. BARBULESCU:

[22] Q: I just have a couple of questions. In [23] the prefiling statement that Bell Atlantic [24] submitted in New York, Bell Atlantic agreed to

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[1] provide combinations of loop and transport along [2] with multiplexing and concentration equipment; is [3] that correct? If you need a reference, it's on [4] Page 10, at the bottom, cost of services, and onto [5] 11.

[6] A: [STERN] I don't see the line about [7] multiplexing and concentration equipment.

[8] (Pause.) Yes, I see that.

[9] Q: Does that commitment to provide [10] concentration equipment in New York include GR-303 [11] concentration?

[12] A: [STERN] No, the commitment that we made [13] here was getting at equipment that we currently use [14] in our network. GR-303, as Mr. Albert testified to [15] earlier, we do not use in our network today.

[16] Q: So in your opinion, technical feasibility [17] is equivalent to what Bell Atlantic utilizes in its [18] network. That's the definition of "technical [19] feasibility"?

[20] A: [STERN] No.

[21] Q: No? It seems to say here that if Bell [22] Atlantic - New York combines for CLECs unbundled [23] loop and transport elements, "including [24] multiplexing where required and when technically

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[1] feasible concentration." Is that correctly what [2] that says, "technically feasible concentration [3] equipment"?

[4] A: [STERN] Well, you read the words as they [5] appear on the page. "Concentration," I should say, [6] doesn't necessarily mean GR-303, though.

[7] Q: In your opinion, is GR-303 technically [8] feasible?

[9] A: [STERN] I think I'd like to refer that [10] one to Mr. Albert.

[11] Q: In your opinion, is GR-303 equipment [12] technically feasible?

[13] A: [ALBERT] I'm not really sure what you [14] mean by is it technically feasible. It's a [15] standard. It's a Bellcore generic spec that's been [16] developed. Manufacturers are beginning to design [17] to build for it. I don't know how you say if a [18] standard is technically feasible. It's a standard.

[19] Q: Are you aware of whether or not it's used [20] in any exchange companies' facilities or networks [21] in anywhere in the country?

[22] A: [ALBERT] I'm aware of what we do in Bell [23] Atlantic, and we're not using it.

[24] Q: I'm asking if you are aware of whether it

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[1] is employed in any other exchange company's network [2] anywhere in the country. Do you know that?

[3] A: [ALBERT] No, I don't know, outside of [4] Bell Atlantic, what others are doing.

[5] Q: Do you know whether or not it's been [6] ordered in any other juris-

diction?

[7] A: [ALBERT] No.

[8] Q: Ms. Stern, are you aware of any [9] electronic correspondence between Jack Goldberg, of [10] Bell Atlantic, and MCI's vice-president of [11] financial operations, Dennis Kern, that might have [12] discussed the New York prefiling statement?

[13] A: [STERN] No.

[14] Q: I would like you to take a look at this [15] document, if you would. This would be a response [16] submitted from Jennifer Ross, and Jack Goldberg is [17] copied on it. It's a response of an e-mail that [18] Dennis Kern sent to Jack Goldberg. Let me make [19] sure I have the right pages; I only have one copy.

[20] (Pause.)

[21] This is an e-mail correspondence [22] between Dennis Kern, of our company, and Jack [23] Goldberg and Jennifer Ross, of your company. If [24] you would turn to the tabbed page. Could you

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[1] please read the question and the response.

[2] A: [STERN] Which question number?

[3] Q: The highlighted one. It would be Page 9, [4] or Question 9.

[5] A: [STERN] Question 9, "Does the commitment [6] to provide concentration equipment found on Page 10 [7] and 11 specifically include GR-303 concentration [8] equipment in combinations of loop and transport [9] UNEs?" Answer: "If and when technically feasible [10] and subject to recovery of costs, GR-303-compliant [11] equipment falls within the scope of the commitment [12] regarding concentration."

[13] Q: Thank you very much.

[14] MR. BEAUSEJOUR: Could you provide a [15] copy of that?

[16] MS. BARBULESCU: Yes.

[17] MR. BEAUSEJOUR: If we have any [18] concerns with it, we'll address those.

[19] A: [STERN] I think there's probably a [20] broader definition of "technically feasible" that [21] that answer encompassed, which would include [22] operationally feasible and practical.

[23] Q: Thank you. Does Bell Atlantic employ [24] concentration equipment in its network?

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[1] A: [STERN] I'll refer to Don Albert for [2] that.

[3] A: [ALBERT] Only in the switches.

[4] Q: Do you employ digital-loop carrier in [5] your network?

[6] A: [ALBERT] Yes.

[7] MS. BARBULESCU: I have no further [8] questions for these two. I may have some later.

[9] MR. LEVY: Ms. Thurston, do you have [10] any questions at this time?

[11] MS. THURSTON: No.

[12] MR. LEVY: Mr. Kennedy has to leave [13] also.

[14] (Recess taken for lunch.)

[15] MR. LEVY: Let's go back on the [16] record. Welcome back, Mr. Jones.

[17] MR. JONES: Thank you very much. [18] PAULA L. BROWN, AMY STERN, [19] and DON ALBERT, Previously Sworn [20] CROSS-EXAMINATION [21] BY MR. JONES:

[22] Q: Mr. Kennedy, thanks for the [23] demonstration.

[24] A: [KENNEDY] You're welcome.

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[1] Q: In the Bell Atlantic position statement, [2] there's, as I understand it, a reference to a [3] larger version of what you've got here in the [4] hearing room; is that correct?

[5] A: [KENNEDY] That's correct.

[6] Q: This is a 250-connection unit?

[7] A: [KENNEDY] That's correct.

[8] Q: And the one referenced by Bell Atlantic [9] has 1,400-circuit capacity?

[10] A: [KENNEDY] That's correct.

[11] Q: And physically how big would that one [12] be?

[13] A: [KENNEDY] That unit would be 36 inches [14] in height. This one you're viewing here is 24 [15] inches in height.

[16] Q: The same width?

[17] A: [KENNEDY] Same width, 23-inch rack- [18] mountable.

[19] Q: The \$33,000 purchase price you gave was [20] for the bigger unit?

[21] A: [KENNEDY] That's correct.

[22] Q: And that's an uninstalled price?

[23] A: [KENNEDY] That is equipment only, that's [24] correct.

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[1] Q: Do you offer an installed package with an [2] installed price?

[3] A: [KENNEDY] CON-X does offer support [4] services as far as installation goes. It is [5] typically priced, quoted on a per-job basis.

[6] Q: To your knowledge, does Bell Atlantic [7] have any of these pieces of equipment installed in [8] its network anywhere?

[9] A: [KENNEDY] For this purpose? No, not at [10] this time. But they do have an outside-plant [11] cross-box installed, yes; same device.

[12] Q: Here in Massachusetts?

[13] A: [KENNEDY] No, the Washington, D.C. area.

[14] Q: I think Mr. Albert stated earlier that [15] Bell Atlantic has purchased two of them. Does that [16] sound right to you?

[17] A: [KENNEDY] Well, there's actually three [18] robots in this particular application.

[19] Q: In the Washington application?

[20] A: [KENNEDY] Yes.

[21] Q: The 1400-circuit capacity, is there any [22] limitation on the types of circuits that can be [23] cross-connected using the — what's the big one [24] called?

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[1] A: [STERN] It's the M400 chassis, and it's [2] equipped with the 1400 panel, is what we're calling [3] it. It's a CLEC-specific application.

[4] It might help to describe the matrix [5] itself for you.

[6] Q: No, before you do that: I just want a [7] label to put on it so we can be talking about — [8] the 1400-circuit unit, what can we call it?

[9] A: [KENNEDY] M400-1400.

[10] Q: The M400 is the chassis and the 1400 is [11] the circuit capacity?

[12] A: [KENNEDY] That's correct.

[13] Q: What kinds of circuits?

[14] A: [KENNEDY] The device is designed as an [15] analog cross-connect device. The panel has been [16] tested to 25 megahertz. It typically switches — [17] can handle ISDN, T1, POTS circuits.

[18] Q: When you say an analog cross-connect [19] device —

[20] A: [KENNEDY] As opposed to a digital.

[21] Q: In what manner is it analog?

[22] A: [KENNEDY] Meaning it places a physical [23] metallic connection that's designed to be in the [24] outside plant arena, hooking copper wires

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[1] together.

[2] Q: And could you connect and disconnect all [3] versions of ISDN circuits through this device?

[4] A: [KENNEDY] Yes. I mean, if it's not [5] above the 25 megahertz, sure.

[6] Q: It is what I would call an [7] electromechanical device; is that an accurate [8] description?

[9] A: [KENNEDY] That's correct.

[10] Q: So it doesn't provide — in fact, one of [11] the virtues that you described is the fact that it [12] provides mechanical connections and [13] disconnections.

[14] A: [KENNEDY] That is correct.

[15] Q: To provide service in an end office, [16] let's say a typical end office in downtown Boston, [17] if a CLEC wanted to use this equipment to have the [18] capacity to offer service to, say, 20,000 end users [19] through a particular end office, is it simply a [20] matter of arithmetic to divide 20,000 by 1400 to [21] determine how many of the devices you would need in [22] order to have that capacity?

[23] A: [KENNEDY] That is correct.

[24] Q: So to make it easy, if the CLEC wanted

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[1] capacity to service 14,000 end users, it would need [2] ten of these devices.

[3] A: [KENNEDY] That is correct.

[4] Q: With an equipment cost of \$200,000.

[5] A: [KENNEDY] That's correct.

[6] Q: And an installation cost on top of that.

[7] A: [KENNEDY] That's right.

[8] Q: This may not be a question that ought to [9] go to you. But my understanding is that these are [10] being cited, touted by Bell Atlantic for virtual, [11] as opposed to physical, collocation capabilities; [12] and if that's the use to which they'd be put, [13] they'd be located not in a CLEC's collocation cage, [14] but somewhere in Bell Atlantic's own central-office [15] space. Is that your understanding of the intended [16] use?

[17] A: [ALBERT] Bell Atlantic's position on [18] that would be that you could use it for physical or [19] virtual. It's not limited to virtual only. It [20] works well in that situation because of the [21] remote-control capabilities. But if the CLEC [22] wanted to use it for physical, they certainly would [23] be able to.

[24] MR. LEVY: Excuse me, Mr. Jones.

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[1] Mr. Kennedy, you said that capacity is 1400 [2] subscriber pairs. Is that how you would recommend [3] using that machine? In other words, would you [4] fully fill it up to all 1400, or do you leave [5] reserve, or is it actually bigger than 1400 so it [6] has some reserve?

[7] WITNESS KENNEDY: The way that would [8] work, that particular panel design has 1400 [9] subscriber circuits entering it, it has 1400 ILEC [10] positions entering it, and it has 1400 CLEC [11] positions entering it. So what the robot ends up [12] doing is moving the pin from the ILEC-to-subscriber [13] position to the CLEC-to-subscriber position. So [14] they are unique to each other. In other words, [15] CLEC Circuit 5 is associated with Subscriber [16] Circuit 5 is associated

with ILEC Circuit 5.

[17] MR. LEVY: So you'd use all of them.

[18] WITNESS KENNEDY: Yes, you would use [19] all of them, that's correct.

[20] MR. LEVY: Thank you.

[21] Q: If this were used in a virtual- [22] collocation arrangement, you'd need to find [23] physical space to locate, in my hypothetical of a [24] CLEC wanting to have a capacity to serve 14,000 end

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[1] users — you'd have to find space somewhere in the [2] central office to position ten of these.

[3] A: [KENNEDY] That's correct.

[4] Q: Are these mounted on some kind of [5] freestanding frame?

[6] A: [KENNEDY] Industry-standard 23-inch [7] relay-equipment rack, which is common to the [8] telephone-office equipment.

[9] Q: Do they need some clearance around them [10] on the sides, above them —

[11] A: [KENNEDY] That particular robot is 15 [12] inches front to back.

[13] Q: Clearance requirement.

[14] A: [KENNEDY] Right.

[15] Q: For either of the Bell Atlantic [16] witnesses: Bell Atlantic's virtual-collocation [17] offering, as I understand it, requires a CLEC to [18] purchase some piece of equipment located in a [19] location in a Bell Atlantic central office and to [20] transfer title for a nominal price to Bell [21] Atlantic, so that ownership of the equipment ends [22] up being in Bell Atlantic. Is that Bell Atlantic's [23] intention with respect to this equipment in a [24] virtual-collocation arrangement?

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[1] A: [ALBERT] That's correct.

[2] Q: What is the nominal price, typically?

[3] A: [ALBERT] A dollar, American money.

[4] Q: When Bell Atlantic in its position [5] statement says that the virtual-collocation [6] arrangement does not require a CLEC to own any [7] network equipment, the key to that statement being [8] true is that the Bell Atlantic virtual-collocation [9] arrangement requires the transfer of title of any [10] CLEC equipment to Bell Atlantic. Is that correct?

[11] A: [ALBERT] Right. That's the way the [12] virtual-collocation offering works. It gets [13] installed in our normal lineup of transmission [14] equipment, and we maintain it —

[15] Q: If Bell Atlantic imposed the same

[16] requirement for physical collocation, you'd have [17] the same outcome — that is, if you required CLECs [18] to transfer title of any physical collocation [19] equipment, then you could also say that the CLEC in [20] that scenario doesn't own any network equipment.

[21] A: [ALBERT] That's a hypothetical "if" that [22] we wouldn't do. I mean, with physical, the CLEC [23] owns it.

[24] Q: In the virtual-collocation arrangement,

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[1] the CLEC has to buy it; correct?

[2] A: [ALBERT] Right, with virtual the CLEC [3] gets to pick the equipment, pick the technology, as [4] long as it's NEBS-compliant. Then we'll go ahead [5] and install it in the regular central-office lineup [6] and go through the process we were just talking [7] about.

[8] Q: And once it's installed, only Bell [9] Atlantic technicians are permitted to lay hands on [10] it, as a general rule, as opposed to CLEC [11] technicians.

[12] A: [ALBERT] That's correct, because it's in [13] Bell Atlantic's part of the central office where [14] Bell Atlantic employees are. It's right within our [15] normal lineup of transmission equipment. So if [16] there's trouble with it, the CLEC calls and says, [17] "Do this, do that, change a circuit pack." For [18] other types of transmission equipment that we [19] collocate virtually, that's the way we work and [20] operate those.

[21] MR. LEVY: But you would let [22] Mr. Kennedy's company come in and maintain it?

[23] WITNESS ALBERT: I don't know. I [24] hadn't thought about that. The virtual

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[1] arrangements we've got in place today, all the ones [2] we've got, Bell Atlantic takes care of them. In [3] terms of somebody else? I don't know.

[4] Q: Who installs it?

[5] A: [ALBERT] None of these are virtually [6] collocated yet. I can describe what we do for [7] other virtually collocated equipment. There either [8] Bell Atlantic will install it, or if it's an [9] approved vendor, then the CLEC can hire their pick [10] of approved vendors to install them.

[11] Q: And that's Bell Atlantic-approved [12] vendors.

[13] A: [ALBERT] That's correct, for working in [14] a central-office environment.

[15] Q: And isn't it true, Mr. Albert, that Bell [16] Atlantic when it purchases central-office equipment [17] from third-party vendors, that more often than not

[18] it is the employees of the third-party vendor [19] rather than Bell Atlantic employees who actually [20] install central-office equipment?

[21] A: [ALBERT] There's a big difference. When [22] I'm describing virtual collocation that's been done [23] in other Bell Atlantic states.

[24] Q: I'm expanding my —

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[1] A: [ALBERT] When we get to Massachusetts, [2] things are different. In New England and in [3] Massachusetts, all of the installation of telephone [4] equipment, all of the cross-connections, all of the [5] work within the central offices are done by Bell [6] Atlantic employees. So in that particular regard, [7] things are different.

[8] Q: So if Bell Atlantic in Massachusetts [9] purchases a major piece of central-office equipment [10] from Lucent, Bell Atlantic, rather than Lucent, [11] employees will install that equipment?

[12] A: [ALBERT] That's correct.

[13] Q: In Bell Atlantic South, that's not [14] necessarily correct; isn't that true?

[15] A: [ALBERT] We don't have full-time [16] employees on Bell Atlantic's payroll that typically [17] install central-office equipment. We'll use the [18] vendor, such as NorTel and Lucent and others, for [19] the installation of the equipment itself.

[20] Q: Right. So at least in Bell Atlantic [21] South, for at least approved vendors, Bell Atlantic [22] has overcome any security concerns about having [23] non-Bell Atlantic employees working in Bell [24] Atlantic's central offices on Bell Atlantic

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[1] equipment. Isn't that a fair statement?

[2] A: [ALBERT] Not when you answer it in such [3] broad, sweeping terms. The hardware itself will [4] have the actual equipment manufacturers that make [5] it, like it's a switch, install it. If we're [6] talking about running connections to the frames, if [7] we're talking about running connections on [8] distributing frames, even in the South, all that [9] work is done by Bell Atlantic employees.

[10] So you can't generalize across the [11] universe of all the activities of equipment [12] installation that happen in the central office. [13] For things like switches and major pieces of [14] transmission equipment in the South, vendors will [15] do that. But when you get into the actual work on [16] the distributing frames, the actual running of the [17] connections, the actual connections for working [18] services —

[19] Typically, if you want a [20] generalization, if it's a working service, it's [21]

Bell Atlantic employees and Bell Atlantic hands [22] that are involved in the work on it, even in the [23] South.

[24] Q: But there are circumstances in which

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[1] Lucent or NorTel employees are doing work on Bell [2] Atlantic central-office equipment?

[3] A: [ALBERT] If we were to buy a new digital [4] switch that we were going to install to replace an [5] existing analog LAESS, that would be an example of [6] a case where we would use the equipment [7] manufacturer's employees to install the equipment.

[8] Q: And at this time, with respect to this [9] particular equipment from CON-X, you don't know [10] what Bell Atlantic's policy would be with respect [11] to who would actually do the installation work for [12] any such equipment purchased by CLECs for [13] installation in a Bell Atlantic central office?

[14] A: [ALBERT] I'd say for Massachusetts [15] initially it would be Bell Atlantic employees. [16] Other alternatives we'd have to think about, [17] consider.

[18] Q: What about maintenance?

[19] A: [ALBERT] Bell Atlantic employees, under [20] the direction of the CLEC. There's a big [21] difference in that regard. We don't go up and [22] routinely change the plugs, dust the equipment [23] off. It's up to the CLEC to say, "Go to this [24] shelf, pull this card, do this specific work for

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[1] me." So when we're talking about the maintenance [2] for virtually collocated equipment, it's really the [3] CLEC that monitors it, it's the CLEC that tests it, [4] it's the CLEC that directs the hands of our [5] employees to go up and touch it and do things.

[6] Q: The original purpose of virtual [7] collocation, as I understand it, Mr. Albert, was [8] for providing collocation in central offices where [9] there might not be sufficient physical space to [10] permit physical collocation. Is that accurate?

[11] A: [ALBERT] That was the main purpose for [12] it, that I'm aware of. It was an alternative to [13] physical.

[14] Q: Do you know whether installing — again, [15] let me choose, for simplicity's sake, ten of the [16] M400-1400 devices — do you know how much physical [17] space in a Bell Atlantic central office that would [18] take? That's either Mr. Kennedy or Mr. Albert.

[19] A: [ALBERT] I'd defer to Mr. Kennedy on the [20] number of those that you can get into a seven-foot [21] frame.

[22] A: [KENNEDY] You can get two in a seven- [23] foot frame.

[24] Q: Seven feet is a vertical frame at

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[1] measurement; correct?

[2] A: [KENNEDY] That is correct.

[3] Q: So if you needed ten, you'd need five [4] frames.

[5] A: [KENNEDY] That's correct.

[6] A: [ALBERT] Right.

[7] Q: How many of those could you get into a [8] 25-square-foot mini-collocation space?

[9] A: [KENNEDY] I'd have to lay it out. I'd [10] say a couple of seven-foot frames. I might be off [11] by one.

[12] Q: If you got a couple in there, could you [13] get a human being in there with them?

[14] A: [ALBERT] I'd have to lay it out. I [15] think you could get a couple with a human being. [16] If you're talking about two fully-laid-out seven- [17] foot frames, each of those containing two of those [18] in a module, two in a cage.

[19] Q: We might get Ms. Brown, but not you or [20] me, in there.

[21] A: [BROWN] Don't count on me. I have no [22] idea.

[23] Q: Strike the question.

[24] A: [ALBERT] The application we're talking

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[1] about for these would not, I don't think, primarily [2] be for physical, although a CLEC could use it for [3] that. The application would be for virtual. In [4] that situation, we're not putting them in cages, [5] we're putting them in the normal transmission- [6] equipment portion of the Bell Atlantic central [7] office.

[8] Q: Mr. Kennedy, you said earlier that a [9] couple of independent phone companies have [10] purchased and installed pieces of this equipment [11] and one RBOC. Is the one RBOC you're referring to [12] Bell Atlantic?

[13] A: [KENNEDY] Yes.

[14] Q: So Bell Atlantic is the only RBOC that [15] has purchased and installed any of this?

[16] A: [KENNEDY] Currently, to date, yes.

[17] MR. JONES: Could I have a minute? [18] I'm focusing on getting Mr. Kennedy out of here.

[19] (Pause.)

[20] MR. JONES: I don't have any further [21] questions for Mr. Kennedy.

[22] MR. LEVY: Ms. Barbulescu or Ms. [23] Thurston, do you have any for Mr. Kennedy?